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STATE OF WASHINGTON

MON C. WALLGREN, *Governor*

Department of Conservation and Development

ART GARTON, *Director*

Division of Progress and Industry Development

HERBERT M. PEET, *Supervisor*



FIRST BIENNIAL REPORT

of the

Division of Progress and
Industry Development

submitted as a portion of the

THIRTEENTH BIENNIAL REPORT

of the

Department of Conservation
and Development



April 1, 1945 to September 30, 1946

OLYMPIA STATE PRINTING PLANT - 1946

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LETTER OF TRANSMITTAL

Jan. 1, 1947

The Honorable Mon C. Wallgren,
Governor of the State of Washington,
Olympia, Washington.

Dear Sir:

I have the honor to submit herewith, in accordance with the laws of the State of Washington, the First Biennial Report of the Division of Progress and Industry Development, Department of Conservation and Development, covering the period from April 1, 1945, to September 30, 1946.

Respectfully,

ART GARTON,
Director

INTRODUCTION

The 1945 legislature created the Division of Progress and Industry Development within the Department of Conservation and Development (Chapter 173, Laws of 1945) and transferred to the Director of the Department the powers and duties of the Washington State Planning Council, created in 1934, and the Washington State Progress Commission, created in 1937, both of which were abolished by the same act. The legislature specified that the powers and duties of the two boards so transferred should be exercised by the Director of the Department "through and by means of the Division of Progress and Industry Development."

The 1945 legislature thus followed a general trend of consolidating in a single agency the official state activities in the fields of research, publicity and industry development. Discussion at the time indicated a desire that the energies of the consolidated group should be directed toward preparing for conditions that in all probability would prevail at the end of World War II.

The promotional, research and planning activities specifically assigned to the new division by the legislature, as enumerated in Chapter 34, Laws of 1934, and Chapter 134, Laws of 1937, are:

1. To assume charge and supervision of advertising and publicity for the State of Washington, other than that being carried on or planned by the various departments or other political sub-divisions within the state, such program of advertising and publicity having had the prior approval of the Governor and the Director of the Department of Conservation and Development.
2. To formulate, supervise and carry out a continuous factual information program for the promotion of the state as an ideal region for tourists and permanent residents, and a most favorable field for investment, enterprise and future development.
3. To assemble such data, statistics, information and exhibits as will publicize and popularize the advantages of the state and to cause such data, statistics, information and exhibits to be published and disseminated in such a manner as the Governor and the Director of the Department of Conservation and Development shall deem expedient.
4. To make inquiries, investigations and surveys concerning the resources of all the sections of the state, such resources being specifically:
 - a. Communication facilities
 - b. Transportation facilities
 - c. Fisheries
 - d. Forests
 - e. Land
 - f. Mines and minerals
 - g. Rivers and harbors
 - h. Wild life and recreational facilities
 - i. Watersheds for irrigation and domestic use

5. To assemble and analyze the data thus obtained and to formulate plans for the conservation of such resources and the planned and systematic utilization and development thereof.

a. Specifically to develop plans and projects to promote maximum production and employment in the fields of agriculture, business and industry, foreign commerce and tourist trade, and all other segments of the state's economy, especially during the transition period from war to a peacetime economy.

6. To make recommendations from time to time as to the best methods of conservation, utilization and development of the state's resources.

7. To cooperate with federal agencies and with agencies of other states, as well as with the departments of the State of Washington and other public and private agencies, in the interest of greater utilization of the state's resources and markets, and to recommend the most feasible methods of expanding and coordinating research activities in the Northwest.

8. To perform other duties in the fields of research and planning and in the fields of publicity and promotion as the Governor and the Director of the Department of Conservation and Development may assign, or as may be provided by law.

Washington's problem of postwar employment—the main problem before the entire nation as the war drew to a close—was believed to be one of the most acute in the entire country for the following reasons:

1. The state had a high proportion of its employed people in single-purpose war industry, a proportion so high, in fact, that a survey conducted by the division indicated that half of the employed people were receiving their income from direct federal war expenditures.

2. The single-purpose industries involved were for the most part developed during the period of the emergency and had not been converted from peacetime industrial operations, as was the case, for example, in Detroit, Pittsburgh and Southern California areas. Consequently, management faced problems of postwar conversion much different from those of other sections where it had prewar backgrounds in commercial activity and thus possessed extensive sales and marketing organizations.

3. Surveys conducted during and after the war indicated that a large majority of the increment in population attracted to the State of Washington during the war would elect to remain as permanent residents. Population also was noticeably increased by the settlement in the state of ex-servicemen who were not prewar residents of the section.

4. The timber and timber-products industries, the principal factors in creating man-hours and payrolls in prewar years, cannot maintain the same relative position in the state's economy. The institution of sustained-yield operation was seen as involving an actual reduction in volume of annual cut as compared with wartime peak levels. It was obvious that in spite of development in chemurgical and other methods for more complete utili-

zation of wood, pulp and other products, Northwest payrolls could not continue to be based on timber in the same degree as heretofore.

Apart from these purely industrial problems, other important questions were brought sharply into focus at the end of the war.

Housing was one of the most important of these. As was true the nation over, building of homes was at a virtual standstill and demand was at a level without precedent in history—with the demand even greater in the Northwest due to the tremendous and almost overnight increase in the population.

Foreign commerce, due to the exigencies of war, had deteriorated to a point where new contacts with outlets in the war-ravaged Orient were of vital necessity. Further complicating the future was the fact that port facilities were greatly in need of expansion.

Agriculture was off stride despite the record of production during the war, and new machinery, fertilizers, farm-to-market roads and marketing data was very necessary to a continued growth of the Northwest's agricultural structure. Also included in the agricultural problems were the types and sizes of farms and the choice of prospective landowners in the Columbia Basin.

Then, too, several of the very oldest bugaboos of the Northwest, such as unequal freight rates and distances from large population centers, and thus consumer centers, all contributed to the problems that were in need of study and solution.

In a completely different vein, wartime restrictions and the necessity for channeling efforts in more serious projects had brought about a condition where state advertising and publicity on a national scale and tourist travel into the state from other sections were practically non-existent. A new program to attract tourists and to publicize the state as a fertile ground for investment and future industry was necessary.

After a thorough investigation of the problems facing the state, and thus the division and the commission, and with a clear definition of the powers and duties assigned to it, the division set about formulating the plans and creating the agencies necessary to the task of handling the tremendous job ahead.

The first step toward handling the problems of the state, as they concerned the department and the division, was the creation by Executive Order in May, 1945, of a lay body known as the Governor's Advisory Commission.

This was a 15-man board made up of representatives from industry, labor, agriculture and the public at large. Four members were recommended to the Governor by industry, four by labor—two each from the C. I. O. and A. F. of L.—and one from organized agriculture. The Governor chose the remaining six members of the commission to represent the general public, following which each member chose his own alternate who was empowered to attend every meeting but could only vote in the absence of the man for whom he was serving as alternate.

The present commission members and their alternates are listed as follows:

Members	Alternates
H. P. Carstensen, Chairman Washington State Grange, Seattle	John L. King Washington State Grange, Seattle
Frank McLaughlin, Vice-Chairman Pres., Puget Sound Power & Light Seattle	C. T. Bakeman Puget Sound Power & Light Seattle
I. A. Sandvigen, Vice-Chairman Bus. Agent, Machinists' Union Seattle	M. E. McLaren Sec., Metal Trades Council Seattle
Roy W. Atkinson Director, CIO Regional Office, Seattle	George Clark Pres., ILWU 1-19, Seattle
Dave Beck, Pres., Joint Council of Teamsters, Seattle	Ralph J. Benjamin Joint Council of Teamsters, Seattle
Nicholas Bez, San Juan Fishing & Packing Co., Seattle	George Lane Pacific Exploration Co., Seattle
John H. Binns, Williamson, Binns & Cunningham, Tacoma 2, Wn.	Arthur Brouse, Pres., National Bank of Washington, Tacoma, Wn.
E. W. Elliott, Golden Rule Mercantile Co., Bellingham, Wn.	Robert G. Guitteau R. F. D. No. 1, Bellingham, Wn.
C. L. Egtvedt, Chairman, Boeing Aircraft Co., Seattle	Harold Mansfield Boeing Aircraft Co., Seattle
Joseph Gluck Importer & Exporter, Seattle	Joseph F. Parker, Northwest Metal Products Co., Seattle
Wylie Hemphill Hemphill & McKillop, Seattle	Raymond J. Huff, Vice-Pres., Puget Sound Bridge & Dredge Co., Seattle
Karly Larsen 1st Vice-Pres., IWA, Portland, Ore.	Joseph F. Jurich, Pres., Int'l Fishermen of America, Seattle
E. T. Clark Pacific Northwest Loggers Ass'n Seattle	James Stevens, Public Relations Counsel, West Coast Lumbermen's Ass'n, Seattle
P. E. Oscarson Ridpath Hotel, Spokane, Wn.	James Leonard, Leonard, Mathews & Ryan, Spokane, Wn.
H. A. Andrews, Pioneer Brewing Co., Walla Walla, Wn.	

The commission membership as listed above is only slightly altered from the original, two membership and three alternate changes marking the difference.

Col. W. B. Greeley resigned in February, 1946, and was succeeded by his alternate, E. T. Clark. James Stevens was then appointed alternate for Mr. Clark.

Kirby Billingsley, Wenatchee journalist, resigned as a commission member in March, 1946, his resignation being closely followed by that of his alternate, Ivan Compton. H. A. Andrews, Pioneer Brewing Co., Walla Walla, was appointed to the commission to fill the vacancy in the membership but no alternate has been appointed at this writing.

The only other change saw the resignation of Carroll French as alternate for C. L. Egtvedt. Harold Mansfield, Boeing Aircraft Co., was appointed to that vacancy.

The commission, after its organization, decided that the most feasible means of carrying out the program before it, was by a series of committees which would work on the various problems individually.

The first committee set up was the Executive Committee of the Advisory Commission, which consisted of the Chairman of the Advisory Commission, the two Vice-Chairmen and the Executive Secretary. (Howard G. Costigan, who assisted in the organization of the Advisory Commission and was its first Executive Secretary, resigned from the latter position May 15, 1946. He was succeeded June 1, 1946, by Herbert M. Peet. In August, 1946, Mr. Peet was appointed Supervisor of the Division of Progress and Industry Development and continued to serve ex-officio as Executive Secretary of the Advisory Commission.)

This committee became the clearing house for all matters to be submitted to the Advisory Commission and through it passed all actionable material. Members of the committee determined whether such material should be sent on to the commission, whether it should be tabled, or whether it should be returned to the originating agency for elaboration and additional consideration before resubmission.

Following the formation of the Executive Committee, the necessary additional committees were named by the commission to delve into the various specialized problems of the division and the department. On each of these committees were placed the men, either commission members or others, believed to be highly qualified to serve on the committee in question.

The committees and the sub-committees and the memberships of each are as follows:

1. Agricultural Development—W. J. Robinson, Chairman, Rancher, Pomeroy; John L. King, Commission Alternate, Seattle; Richard G. Hedges, Washington State Grange, Seattle; Henry Carstensen, Commission Member, Seattle; Kirby Billingsley, Journalist, Wenatchee; R. T. Smith, Credit Association Executive, Ellensburg; H. J. Beernink, Cooperative Executive, Seattle; W. J. Van Horn, Bellingham; D. R. Canfield, Granger; D. I. Hopkins, St. John; H. A. Andrews, Commission Member, Walla Walla; Ernest Sherling, Molson.

2. Foreign Commerce—J. P. Herber, Chairman, Exporter, Seattle; Joseph Gluck, Vice-Chairman, Commission Member, Seattle; C. L. Egtvedt, Commission Member, Seattle; E. W. Elliott, Commission Member, Bellingham; Capt. John M. Fox, Inland Boatman's Union, Seattle; John H. Binns, Commission Member, Tacoma; W. D. Lamport, Port Executive, Seattle.

a. Ports and Port Facilities Sub-Committee—J. P. Herber, Exporter, Seattle; Joseph Gluck, Commission Member, Seattle; Karly Larsen, Commission Member, Portland, Ore.; E. W. Elliott, Commission Member, Bellingham; Nicholas Bez, Commission Member, Seattle; Capt. John M. Fox, Inland Boatman's Union, Seattle; Arthur Brouse, Commission Alternate, Tacoma; G. T. Treadwell, Port Engineer, Seattle; G. W. Osgood, Port Engineer, Tacoma.

3. Health—Dr. Arthur L. Ringle, Chairman, State Department of Health, Seattle; Dr. E. L. Turner, Dean, U. of W. Medical School, Seattle; Dr. J. W. Unis, Department of Social Security, Olympia; Al Fisher, C. I. O., Seattle; Gordon Gilbert, Hospital Superintendent, Spokane; M. E. McLaren, Commission Alternate, Seattle; Frank West, Industry Association Executive, Seattle; Dr. U. S. Ford, Forks, Wn.; Mrs. Sidney Livingston, Pasco.

4. Housing—Norwin Austin, Chairman, Publicity Executive, Olympia; John Slavenburg, State Department of Veterans Affairs, Olympia; Harry Carr, Union Executive, Seattle; H. J. Gibson, Union Official, Seattle; F. R. McAbee, Building Contractor, Seattle; H. W. Blackstock, Lumber Dealer, Seattle; F. J. O'Brien, State Real Estate Board, Seattle; Gene Conger, National Housing Agency, Seattle; C. F. Dally, Manufacturer, Seattle; R. H. Shorett, Financial Official, Seattle; William Burnett, Banker, Seattle; Ed Weston, Labor Official, Seattle; Max Wedekind, Labor Official, Seattle; Frank Bayley, Jr., A. V. C., Seattle; Fred M. Fuecker, American Legion, Seattle; Joseph Martineau, V. F. W., Seattle; A. W. MacFarlane, Lumber Dealer, Seattle; Joseph Gluck, Commission Member, Seattle; C. T. Bakeman, Commission Alternate, Seattle; M. E. McLaren, Commission Alternate, Seattle; Ellis Ash, Federal Housing Agency, Seattle; Robert Bergstrom, Builder, Tacoma.

5. Manufacturing—Frank McLaughlin, Commission Member, Seattle; C. T. Bakeman, Commission Alternate, Seattle; I. A. Sandvigen, Commission Member, Seattle; Ivan Bloch, Bonneville Power Administration, Portland Ore.; J. F. Ward, Bonneville Development, Portland, Ore.; Charles Clise, Securities Executive, Seattle; K. L. Howe, Corporation Official, Seattle; C. F. Bannan, Manufacturer, Seattle, Irving Rabel, Machinery Dealer, Seattle; Dr. Eri Parker, W. S. C., Pullman; Dr. J. A. Guthrie, W. S. C. Pullman; E. W. Daniels, Manufacturer, Hoquiam; Arthur Norton, Chemical Engineer, Seattle; Otto Orth, Jr., Engineer, Seattle; H. I. Peyton, Investment Banker, Spokane; D. W. Walters, Engineer, Spokane.

a. Fertilizer Sub-committee—Roscoe E. Bell, Chairman, Bonneville Power Administration, Portland, Ore.; Dwight L. Harris, W. S. C., Pullman; Dr. L. C. Wheeting, W. S. C., Pullman; Kirby Billingsley, Journalist, Wenatchee; Dr. R. W. Moulton, U. of W., Seattle.

b. Light Metals Sub-committee—D. K. McDonald, Western States Council, Seattle; C. T. Bakeman, Commission Alternate, Seattle; Gene White, Smelting Executive, Tacoma; Kirby Billingsley, Journalist, Wenatchee; H. I. Peyton, Investment Banker, Spokane; M. E. McLaren, Commission Alternate, Seattle.

c. Aiding New Businesses Sub-committee—Arthur Norton, Chairman, Chemical Engineer, Seattle; Howard Barnes, Association of Washington Industries, Seattle; I. A. Sandvigen, Commission Member, Seattle; Dr. Eri Parker, W. S. C., Pullman.

d. Surplus Plants Disposal Sub-committee—Ivan Bloch, Bonneville Power Administration, Portland, Ore.; Lawson Turcotte, Lumber Executive, Bellingham; R. M. Price, R. F. C., Seattle; Richard Powell, Union Official, Seattle; D. K. McDonald, Western States Council, Seattle; J. G. Lindman, Equipment Executive, Yakima; J. E. Louttit, C. of C., Seattle; H. I. Peyton, Investment Banker, Spokane; D. W. Walters, Research Engineer, Spokane; J. M. McClelland, Journalist, Longview; E. W. Daniels, Lumberman, Hoquiam; Corydon Wagner, Lumberman, Tacoma; F. J. Walsh, Industrial Engineer, Tacoma.

e. Textiles Sub-committee—C. F. Trombley, Chairman, Chemical Executive, Seattle; T. J. Drumheller, Washington State Wool Growers Associa-

tion, Walla Walla; Ed Garrison, Chemical Executive, Seattle; C. A. Black, Manufacturer, Seattle; Miss Bernice Strahl, Frederick & Nelson, Seattle; M. Pumphray, Bon Marche, Seattle; Fred Baxter, Sears-Roebuck, Seattle; M. B. Houston, Sales Executive, Seattle.

f. Coal Sub-committee—Sheldon Glover, Division of Mines and Geology, Olympia; Prof. Joseph Daniels, U. of W., Seattle; James Louttit, C. of C., Seattle; Dr. H. F. Yancey, U. of W., Seattle; Roy Shawcross, Bonneville Power Administration, Portland, Ore.; C. R. Fleming, W. A. A., Seattle; Raymond Tarr, Tacoma.

g. Labor Conditions Sub-committee—This sub-committee is still under process of organization and the membership has not as yet been chosen.

6. Natural Resources—Wylie Hemphill, Chairman, Commission Member, Seattle; P. E. Oscarson, Commission Member, Spokane; Joseph Jurich, Commission Alternate, Seattle; E. T. Clark, Commission Member, Seattle; Nicholas Bez, Commission Member, Seattle; George Yantis, Olympia.

7. Publicity and Promotion—Web Harrison, Chairman, Engraving Executive, Seattle; James Stevens, Commission Alternate, Seattle; Dr. George Savage, U. of W., Seattle; H. I. Peyton, Investment Banker, Spokane; Harold Mansfield, Commission Alternate, Seattle; B. F. James, Survey Official, Seattle; W. G. Oves, Publicist, Spokane; Al McVay, C. of C., Walla Walla; E. R. Fetterolf, C. of C., Tacoma; Hector Escobosa, Business Executive, Seattle. (Mr. Escobosa, General Manager and Vice-President of Frederick & Nelson, served as chairman of the Publicity and Promotion Committee for the greater part of the biennium, resigning only recently due to the press of other business. It was through his leadership and under his guidance that the committee was able to complete the program with which it was charged.)

8. Public Works—E. R. Hoffman, Chairman, Power Executive, Seattle; R. W. Atkinson, Commission Member, Seattle; Robert Glynn, Labor Official, Seattle; H. W. McCurdy, Engineering Executive, Seattle; J. B. Warrack, Construction Engineer, Seattle; H. J. Oliver, Engineering Executive, Seattle.

9. Survey and Research—C. T. Bakeman, Chairman, Commission Alternate, Seattle; John Binns, Commission Member, Tacoma; Dr. E. R. Guthrie, U. of W., Seattle; C. L. Egtvedt, Commission Member, Seattle; Dr. N. H. Engle, U. of W., Seattle; Dr. Wilson Compton, W. S. C., Pullman; Dr. E. B. Baker, W. S. C., Pullman; Dr. J. A. Guthrie, W. S. C., Pullman; Don Walters, Industrial Research Official, Spokane; Rueben Benz, Advertising Official, Yakima.

10. Taxation—John L. King, Chairman, Commission Alternate, Seattle; R. W. Atkinson, Commission Member, Seattle; H. C. Brown, Washington State Taxpayers Association, Seattle; R. I. Thayer, U. of W., Seattle; H. E. Bowman, Aircraft Executive, Seattle; Joe Chandler, Education Association Official, Seattle; Tom Hedges, State Tax Commission, Olympia; D. W. Tolles, Teacher, Seattle.

11. Tourist Trade and Facilities—Frank Hull, Chairman, Hotel Executive, Seattle; Bill Dobbins, Union Official, Seattle; Alton Tillman, Planning Commission Official, Soap Lake; T. A. Williams, Motor Court Association Official, Seattle; Dudley Brown, Press Club President, Seattle; Joseph Gluck, Commission Member, Seattle; J. C. Skally, Mt. Baker Lodge Official, Bellingham.

12. Transportation—C. L. Egtvedt, Chairman, Commission Member, Seattle; R. W. Atkinson, Commission Member, Seattle; Paul Revelle, State Department of Transportation, Seattle; R. S. Waltz, Dairy Executive, Seattle; Dr. Dan Mater, Bonneville Development, Portland, Ore.; F. M. Ludlow, Merchandiser, Kennewick, N. R. Fosseen, Manufacturer, Spokane; Horace Bozarth, Mansfield, Wn.; Martin Jacobsen, Alpha, Wn.; J. G. Mitchell, Manufacturer, Seattle.

13. Financial Assistance—B. B. Ehrlichman, Investment Banker, Seattle; H. J. Dolling, Banker, Seattle; Joseph Gluck, Commission Member, Seattle; Frank Paine, Investment Counselor, Spokane; R. M. Price, Reconstruction Finance Corporation Official, Seattle.

Following the formation and activation of the previously named committees, the division and the commission embarked on the program that will be delineated in the following biennial report.

SURVEY AND RESEARCH

The Survey and Research Committee, formed immediately after the organization of the Governor's Advisory Commission, took over the part of the Division of Progress and Industry's program which the division assumed upon being charged with all the former duties of the Washington State Planning Council.

Section 2, Chapter 54, Extraordinary Session, Laws of 1933-34, granted to the Planning Council powers to conduct research in the field of industry and natural resources development. This section empowered the council to conduct inquiries, investigations, and surveys relating to the development of "communication and transportation facilities, fisheries, forests, industrial and commercial establishments, lands, mines and minerals, rivers and harbors, wild life and recreational facilities, and watersheds furnishing water for irrigation and domestic use". As has been stated above, these powers and duties were transferred, together with all active Planning Council research projects, to the Division of Progress and Industry Development under the provisions of Chapter 173 of the Laws of 1945.

It had been the practice of the Planning Council to conduct research in specialized fields through the medium of grants to other state institutions such as the University of Washington and Washington State College rather than to attempt to create an extensive technical staff under the direct supervision of the council itself. This practice has been continued by the Division of Progress and Industry Development. Projects similar to those which, in the past, were handled directly by the council, such as the collection of statistical data tending to make possible the prediction of employment levels, have, likewise, been handled directly by the staff of the division. Several projects initiated by the Planning Council during the period 1943-45 were continued through part or all of the present biennium.

I. Division Projects and Appropriations

The 1945 session of the legislature appropriated \$100,000 to the Division of Progress and Industry Development for "research in connection with furthering industry and agriculture within the State of Washington", subject to the approval by the Governor of the amounts allocated to each project. As of September 6, 1946, projects active during the present biennium and amounts allocated were as follows:

Project No. 7	Supervisor, E. B. Parker	\$ 9,187.50
Project No. 9	Supervisor, E. B. Parker	150.00
Project No. 53	Supervisor, E. B. Parker	2,115.00
Project No. 10	Supervisor, Prof. Bror L. Grondal	15,500.00
Project No. 58	Supervisor, Orlo H. Maughan	11,500.00
	There has been an additional allocation of \$4,000 to this project from Project 60 funds.	
Project No. 60	To take care of miscellaneous expenses in connection with research projects inaugurated by the Planning Council on which there may be some future necessary work to complete, or further research.	10,000.00
Project No. 61	Supervisor, Richard H. Murphy	13,500.00

Project No. 62	Supervisor, Richard H. Murphy	12,500.00
Project No. 63	Supervisor, Fred J. Martin	5,000.00
Project No. 64	Supervisor, Sheldon L. Glover	15,000.00
(This project is being conducted by the Division of Mines and Geology and will be discussed in that biennial report.)		

II. Continuation of Planning Council Projects

Projects 7, 9, and 53 represent an advance of funds by the department to cover operation for the period April 1 to June 30, 1945, of Planning Council's Projects 9, 53, and 7 and 34 (consolidated as 7 above) as reported in the Sixth and Final Report of the Council. From June 30, 1945, cost of operating these projects was transferred to appropriations made directly to the Division of Industrial Research, Washington State College, by the 1945 legislature.

A. Project 53

During the period of operation on a basis of funds supplied by this department, the members of the staff of Washington State College employed on research Project 53 investigated a number of new possibilities for the utilization of light metals in the agricultural and transportation industry including truck hubs of cast magnesium alloy, structural members for heavy truck trailers, aluminum orchard lug boxes, apple picking baskets made of either aluminum or magnesium sheet, and light metal orchard ladders. All of the above products were fabricated and displayed and one has become standard equipment with a Washington manufacturer. Plans were perfected during this period for a cooperative project with the Bonneville Power Administration for the study on the corrosion characteristics of light metal tubing under service as light-weight irrigation pipe. Two orders from government agencies, one from the Federal Office of Scientific Research and Development for a highly restricted assembly to be made of magnesium alloy, and one from the Army Quartermaster Corps on a magnesium casting development project, were processed during the period. Since its transfer to funds other than those of this department the work begun under this project has continued as an important phase of the program of the Division of Industrial Research of Washington State College.

B. Project 7

Planning Council Projects 7 and 34, designed to investigate possibilities of extraction of alumina from native clays by the sulfate and sulfite leaching processes, respectively, were combined as a single Project 7 on April 1, 1945. During the three-month period of April 1 to June 30, 1945, the preliminary sulfite leach tests on the Excelsior clays were completed. The laboratory leach system was redesigned and leaching started to test the proposed sulfite-sulfate combined leach process; a new analytical procedure was standardized for use on the problem; a preliminary investigation on the application of air-flotation for the concentration of

ceramic clays was completed; several controlled analyses on magnesite samples were made, and numerous tests were carried out on the removal of silica for purification of alumina obtained from clay by the leaching process. This project also continued to be an important part of the research activities at the State College.

C. Project 10

Project No. 10 was begun in 1943, under Planning Council auspices and has resulted, to date, in the development of several processes for the utilization of waste sulfite liquor from pulp mills, and the filing of eight patent applications. One or more of these processes will be used in a practical manner in the near future, as under the terms of a contract which has been entered upon between the Anacortes, Washington, Division of the Coos Bay Corporation and Berger-Krueger, Inc., of Seattle, a plant will be erected in the very near future in Anacortes to use the effluent of that mill. Over and above its own requirements the plant will deliver to the pulp mill approximately 1,320,000 lbs. of steam per day, and will also return a considerable amount of cooking liquor to the mill. Other products to be produced will include agricultural lime, compressed yeast and dry yeast. The dry yeast will be used in the preparation of high-protein stock foods.

Funds made available by this allocation have also been used for the study and practicability of using species other than Washington red cedar in the manufacture of shingles, this study having been authorized by the Director of the Department of Conservation and Development in May, 1945.

D. Project 58

Project No. 58, which continued the program of economic land classification mapping, had received allocations totaling \$15,500, as of September 6, 1946. The objective of this project has been to provide complete coverage of economic land class maps in order to designate areas where individuals seeking to enter agriculture may reasonably expect the greatest opportunity of success. It is felt that maps drafted by means of the allocation made to this project will be of material assistance to persons involved in postwar readjustments of our state's population.

Economic land classification maps were prepared during the current biennium for the counties of Whatcom, Skagit, Snohomish, King, Pierce, Grays Harbor, Pacific, Wahkiakum, Lewis, Cowlitz, Clark, Spokane, Yakima, Mason, Kitsap, and Thurston. Field work has been completed for the counties of Whitman, Pend Oreille, Stevens, Clallam, Jefferson, Island, and San Juan and maps covering these counties will be printed early in 1947.

In addition to the production of economic land classification maps for the counties above-mentioned, a portion of the \$15,500 made available for this project was used, together with additional funds supplied by Washington State College, for the purpose of collecting 1500 farm in-

come expense and organization records which have been distributed by land classes and will be analyzed during the winter of 1946-47.

Funds of this project were also used to measure the native intelligence and personal and social adjustments of 3,000 school children from rural areas in Skagit and Spokane counties, and these records were then grouped by economic land classes.

III. Projects Initiated by the Division

A. Project 63

Project No. 63 consists of an allocation of \$5,000 approved by Governor Wallgren on July 1, 1946, to the State Department of Agriculture. This sum has been matched with federal funds to assist in establishing a market news service for Central Washington with headquarters in Yakima.

This service is of a new type. It is principally a growers service. It will eventually expand to include pertinent market information regarding fruits and vegetables, poultry and poultry products, dairying, livestock, and other important agricultural crops. From this information the farmer will be in a position to determine the prices he may expect to receive for his products at his farm, at the warehouse, or at coastal or eastern markets.

B. Diversified Projects 61 and 62

The Survey and Research Committee has also considered a number of recommendations for research activities and projects which were either originated with the Governor's Advisory Commission or were suggested to it by outside sources. Several of these recommendations have resulted in research projects financed out of funds allocated to Projects 61 and 62 as listed earlier. The activities of the committee have also resulted in the transmittal by the Advisory Commission of various recommendations to the Governor, other departments of the state government, and federal agencies.

1. Trade Zone Survey

After examination of research begun and partially completed by Professor Charles J. Miller of the feasibility of the establishment of a foreign trade zone, the committee recommended that funds be provided by this division to permit the completion of this report, which had been initiated with funds supplied by the Progress Commission to which this division is a successor agency. Funds for this purpose were accordingly made available from the allocation of funds made to Project 61 and the results of the study are set forth in another chapter of this report.

2. Tourist and Taxation Surveys

It should also be emphasized that funds listed under research Projects 61 and 62 were also used to finance the survey of resources and

possibilities of the Washington tourist industry by Dr. Nathanael H. Engle, and a comparative study of the tax structures of Washington and a group of states which are or may be industrial competitors, both of which are described in other chapters of this report.

3. Employment Survey

In the summer of 1945, the Advisory Commission requested the Division of Progress and Industry Development to conduct a survey designed to establish as accurately as possible, on the basis of available data, the probable levels of employment in various branches of industry and commerce during the period ending in August, 1945, as compared with then existing wartime levels of employment.

With the assistance of a committee consisting of Dr. Nathanael H. Engle and Dr. Grant I. Butterbaugh, University of Washington, Department of Economics; Dean Edwin R. Guthrie, University of Washington Graduate School; Lars Carlson, Regional Manager of the Committee for Economic Development; E. L. Skeel, Seattle Chamber of Commerce; and Don W. Walters, Manager, Inland Empire Industrial Research, Incorporated, the division completed this survey, and its results were reported to the commission on May 17, 1946. In accordance with a recommendation of the Survey and Research Committee this report, which was made possible by the cooperation of 1,218 Washington employers who replied to the questionnaires distributed by the Division of Progress and Industry Development, indicated that 1946 employment levels would be nearly 42 per cent greater than 1939 average employment, an estimate considerably above many wartime predictions.

The report of this study, which represents the first attempt by a state agency to apply to the various economic regions of the state methods of employment forecasting similar to those employed on a national scale by the United States Bureau of Labor Statistics, was published in 1946 under the title of, "A Survey of Employment Levels in the State of Washington During the War and Postwar Period", and distributed to the participating employers, weekly newspapers throughout the state, and business organizations. It includes graphs, showing actual and anticipated employment on a state-wide basis in each of the major industrial groups of manufacturing; transportation, communication and utilities; wholesale and retail trade, finance, insurance and real estate; and service industries, and also includes detail curves for employment prospects in the field of MANUFACTURING industry for the areas of Northwest, Southwest, Central, and Northeast Washington. The study was conducted directly by the staff of the Division of Progress and Industry Development with funds allocated to research Project 61.

In general the results strongly emphasize the decisive importance of MANUFACTURING employment in determining the pattern of economic development in Washington during the war years. The other four

categories of industry mentioned above show a striking, and to date, relative stable degree of growth by prewar standards, but, do not approach manufacturing either in terms of degree of fluctuation during the war period or in terms of the increment of increased employment ultimately maintained. While it is undoubtedly true that war manpower restrictions were a decisive factor in reducing wartime peak employment for the industry groups of transportation, communication, and utilities; wholesale and retail trade; finance, insurance and real estate; and service industries by preventing, in part, the sharp rise in wartime levels that might otherwise have occurred in these fields, it seems very probable that the increases which did occur during the war period were largely the effect of higher levels of manufacturing activity and the increases forecast in these industrial groups are, in turn, to a large degree, the effect of the substantial amount of war-created manufacturing employment which is being retained in the state. The results of this survey of employment trends would thus tend to corroborate the view that the state has changed in the course of the war from a raw material producing to an industrial area.

The future of the state must consequently be envisaged in terms of steady increase of diversified manufacturing activity as the only safeguard of economic stability and progress. The commission felt that the results of this study gave factual support to the conclusion that an energetic program of industry development sponsored by the state government in conjunction with, and with the cooperation of business, labor, and civic groups, is an absolute requirement if the present population of our state is to be maintained in productive employment.

IV. Other Projects

A. Forest Products Institute

At the request of officers of the West Coast Lumbermen's Association and the International Woodworkers of America, C. I. O., the Survey and Research Committee studied the desirability of establishment by the state of a forest products institute and reported on means whereby such an institute could be established. In view of the fact that forest industry payrolls have noticeably declined within the last 20 years due to the exhaustion of virgin timber, the committee recommended the project favorably to the commission, and this recommendation was adopted and transmitted to Governor Wallgren. The Governor accordingly announced the appointment of an organizing committee headed by himself and representing the University of Washington, Washington State College, the U. S. Forest Service, the State Division of Forestry, the wood products industry, and forest labor to study means whereby such an institute could be most economically convened and organized. The principal functions of the institute, according to the recommendation of the Governor's Advisory Commission, would be to retain and restore forest industry payrolls by aggressively encouraging new processes for (1) closer use and fabrication

of raw materials, and (2) the conversion of waste wood into commercial products.

Subjects recommended for initial studies include expansion in the volume of wood pulping, wood gluing, lamination and plastics, conversion of waste pulping liquors, conversion of mill and logging waste into ethyl alcohol, feeding yeasts, etc., destructive distillation of waste wood, improvement in timber recovery through fillers, splicing, etc., and transportation and other economic problems connected with the above.

The commission felt that the development of more intensive forest industries along these lines would go hand in hand with promising development of commercial reforestation, each movement aiding and supporting the other. State action in this field is felt to be particularly necessary in view of the fact that the U. S. Forest Products Laboratory at Madison, Wisconsin, which is doing excellent work in many of the above fields, has left untouched many problems relating to species of wood and other conditions peculiar to the Pacific Northwest.

It was concluded that in view of the multiplicity of demands from all parts of the United States, the federal government cannot do justice to concentrated problems of a single forest region such as the Northwest. It was recommended that the institute should be associated closely with the University and the State College, drawing upon their faculties, providing opportunities for research students, and coordinating the direct research of the two institutions in this field. The institute would organize for and invite cooperation from forest industries in staff and funds, and should take the lead in cooperative industrial research wherever this could be done to the best advantage.

B. Statistical Advisory Committee

At the request of the commission the Survey and Research Committee studied alternative proposals by which it was proposed to effect the coordination of statistical methods in various state departments so as to secure the maximum amount of information of value to industry or valuable for the purposes of state planning.

The Survey and Research Committee recommended to the commission that the commission urge the Governor to appoint a Washington State Statistical Advisory Committee. The members of this committee would represent the several departments of the state engaged in the collection, publication, or treatment of statistical information (Labor and Industries, Office of Unemployment Compensation and Placement, Conservation and Development, Tax Commission, Department of Agriculture, University of Washington, Washington State College, Finance, Budget and Business, Department of Highways, and the Secretary of State, etc.).

Each department would be represented by the head of its statistical division or the individual in charge of its statistical activities. Each member of the committee would prepare an exhaustive analysis of the statistical activities of his agency setting forth all steps and procedure involved.

This recommendation was approved by the commission and transmitted to the Governor, who designated Mr. John Davis, Commissioner of the Office of Unemployment Compensation and Placement, to proceed with the organization of the committee as outlined above.

It will be necessary for the committee to meet periodically in Olympia in consultation with representation of the Survey and Research Committee and such users of statistics as representatives of the University of Washington, State College, etc., and with the representatives of statistical agencies of the U. S. Government for the purpose of first preparing a detailed exposition of current statistical activities of the state, and, subsequently, preparing recommendations to coordinate these activities and increase their effectiveness.

On a basis of the reports of this committee the commission will prepare:

1. Recommendations to individual departments of changes in the forms and methods of reporting; methods of tabulating, compiling, and segregating data; and method, scope, and frequency of publishing the types of information already normally collected by the department in question.

2. Recommendations to the Governor involving major changes in the reporting procedure of one or more departments, of a type which can be effectuated by executive order (such as the discontinuance of certain types of reports in one department and transfer to another, instructions to a department to expand the scope of the information collected beyond the minimum required by legislation, etc.).

3. Recommendations to the legislature of such revisions in the laws under which various agencies of the state now collect statistical information as will promote the collection and compilation of the maximum amount and variety of useable statistical information on all phases of the economic life of the state, and will secure the maximum degree of comparability with data collected by other states or federal agencies. It is not anticipated that recommendations for legislative action will be available for the 1947 session of the legislature.

C. State Polling Service

At the request of Dr. Edwin R. Guthrie, Dean of the Graduate School, University of Washington, the Survey and Research Committee studied the possibility of the establishment by the state, in conjunction with the facilities of the University of Washington Department of Psychology, of a Washington State Polling Service. The functions of this service would be to provide a nonpartisan determination of public opinion on matters effecting the general welfare of the people of the state, and, more specifically, to provide a means of determining public satisfaction or dissatisfaction with programs and policies of the various divisions of the state government in order to facilitate the rendering of more effective service by these agencies.

The committee determined that such a program could be established on a basis of an annual budget of \$11,750, and the recommendation that such action be taken was approved by the Advisory Commission. It developed, however, that insufficient funds were available to permit the establishment of this project under sponsorship of this department during the current biennium, and it was accordingly recommended that this item be included in the budget of the University of Washington for the biennium of 1947-49. The commission has been informed that such action will be taken by the university authorities.

D. Other Studies

Other projects investigated by the committee include the desirability of the publication of a directory of Washington industries showing a cross index by product and by manufacture, the need for a study of the effect on the economy of the area of the removal of certain federal regional offices, the desirability of publication of current employment figures by industry and by county, the desirability of a study by areas of employment opportunities and the practicability of preparing a directory of research personnel available within the state.

In addition the Survey and Research Committee and its staff have processed numerous requests from private sources for information in respect to business opportunities and other factors in the economy of the region, and have prepared bimonthly reports on unemployment as indicated by unemployment compensation payments in various centers throughout the state for the use of the Governor's Advisory Commission.

TAXATION

As stated in the preceding chapter of this report, funds allocated by Governor Wallgren to research Project 61 were used for the purpose of studying the nature of the tax system of the State of Washington in comparison with states which are, or may be, industrial competitors as a means of determining the effect of the tax factor on the program of developing Washington industry. This project was initiated in conformity with a recommendation of the Governor's Advisory Commission. The commission, cognizant of the importance of the factor of taxes in determining the pattern and rate of industrial growth of the state, created a Taxation Committee, whose membership is stated above, headed by John L. King, Director of Research and Information, Washington State Grange, as Chairman. This committee held its first meeting on August 9, 1945, and on September 12, 1945, recommended that Professor Ralph I. Thayer, Department of Economics, University of Washington, be authorized, in conjunction with the Supervisor of Planning and Statistics of the Division of Progress and Industry Development, to survey the structure of the tax systems of selected states in comparison with that of the State of Washington and to analyze such tax systems with special emphasis on their incidence on business and industrial organizations. While it was primarily intended for the purposes of this department that the report of this study should constitute a measure of the relative advantages in terms of the promotion of industrial growth and of the in-migration of business organizations to the state, it was also desired that the survey should include a comprehensive picture of the revenue systems of the states studied, including both tax and non-tax revenues, and that a basis should be provided for the evaluation of the collectability and general desirability of forms of taxation in use by the state in question.

Through the cooperation of the University of Washington, Professor Thayer's teaching load was reduced to a point permitting his employment on a half-time basis by this division, and the requested study was completed by Professor Thayer during the summer of 1946, under the title of, "A Comparative Study of Tax Systems of the State of Washington". The states selected for study, in addition to Washington, were Alabama, California, Idaho, Illinois, New York, Oregon, Tennessee, and Wisconsin. It will be noted that Pacific Coast states and states contiguous to Washington have been included, along with two from the Midwest, one from the East Coast, and two Southern states.

Three factors were emphasized in selecting the states: First, consideration was given to the extent to which a state is already an industrial competitor of Washington; second, the extent to which a particular state is a potential industrial competitor was examined. In this connection availability of cheap electric power was given considerable weight. Third, it was felt desirable to include in the comparison states such as Illinois, New York and Wisconsin where a great deal of attention has been given both to research on, and reform of, the tax system.

The study has been divided into four parts: Part I analyses the revenues of the state government as such; Part II details the revenues of the various local political units and sub-divisions existing in the states in question; Part III consolidates Parts I and II and presents an overall revenue picture for

state and local government; Part IV is a qualitative examination of the incidence of total non-federal (i.e. state and local) taxes upon individual and corporate taxpayers. Tax revenues for STATE purposes for the years 1939-1944 were analyzed first on a basis to total quantitative dollar volume; secondly, on a basis of trend during the same period using 1939 as a base year; thirdly, as percentages of corresponding state income payments for the years in question; and fourthly, on a per capita basis for the same period. State tax revenues were then classified according to major sources and shown as percentages of total state tax revenue. Types of classification used were property, income, inheritance and estate, sales, business licenses and permits, unemployment compensation, and all others. This classification showed that in 1944 the State of Washington led all other states in degree of dependence upon sales and excise taxes as the source of revenue of state government (85.69%, as against 83.68% for Illinois, and 63.51% for the next highest state, Alabama).

The analysis of the revenue of the local political sub-divisions in Part II presented a much more difficult problem than that of state revenues. In some state there is practically no data available on any political sub-divisions. In others, figures are available for counties but not for municipalities, school districts, etc.

The major source of tax revenue for all of these political sub-divisions is the property tax. Consequently most attention in Section II of the study was devoted to an analysis of factors covering property taxes in the nine states. First, an examination was made of assessed valuations of property in the respective states. Then estimates of the full valuation were shown along with a study of the dispersion of assessed value ratios.

The next step was the determination of the total property taxes levied by all political sub-divisions, rendering possible an estimate of the effective property tax rates for each of the nine states. For the year 1942 only, an estimate was made of the percentage relationship existing between property tax revenue, total tax revenues, and total revenues for each type of governmental unit. Part III, state and local revenues (consolidate) shows Washington ranking third in terms of per capita revenue (New York \$106.18, California \$88.28, Washington \$81.02) and fifth in terms of total tax revenues of state and sub-division shown as a percentage of state income payments (Wisconsin 7.24%, New York 6.83%, Illinois 5.76%, California 5.37%, Washington 5.06%).

Particularly significant (especially in view of the absence in the State of Washington of a personal or corporate income tax) is the relative level of the property tax of the states in question. In 1939, the most important single source of taxation was general property. This source was, however, relatively less important in Washington than in any of the other states, and its percentage figure of 47.39% was lower than that of any other state (excluding Alabama for which 1939 data are unavailable). Although state tax revenues and local property tax revenues taken together increased for each of the states during the period 1939 to 1944, property taxes became relatively less important in all nine states, a change which was most marked in Oregon and Washington. The examination of sales tax percentages shows almost the reverse of the picture for property taxes. First, through the entire six-year period Washington realized more on sales taxes than any of the other states. In 1939, 41.94% of

the total state and local tax revenue was derived from this source. By 1940, and in all subsequent years, sales tax was more important in Washington than property tax. The only other state in which this situation existed was Alabama. In 1944, 46.07% of Alabama's total was constituted of sales taxes. Washington's figure for the same year was 61.52%. The remainder of Section III of the report was devoted to a consolidation of state and local revenues by type of tax sources, e.g., property taxes, business taxes and licenses, privilege taxes, income taxes, etc. Part IV of the report constitutes a theoretical analysis of the incidence of various types of taxation, written in the light of data compiled in the preceding sections.

In summary it may be said that in none of the states under study can an industrial organization do business with the expectation of contributing as proportionately small an amount to the cost of operating state and local government as in the State of Washington. The dependence of the State of Washington upon selective and general excises to the virtual exclusion of all other forms of taxation, places almost the entire cost of state government upon the retail consumer. The types of excise moreover from which the largest blocks of revenue are derived are those whose incidence falls upon the broadest sections of the consuming public. This results from the fact that the selective excises which are levied fall upon such commodities as liquor, tobacco, etc., rather than upon more expensive items such as those subject to the federal luxury taxes.

It might appear from the tables in our report that the tax structure of such states as Illinois provide almost as favorable a climate for industry as that of Washington. This interpretation of the tables, however, ignores the fact that Illinois' excise taxes provide only for STATE governmental functions, leaving many local functions which are here provided for by state excise tax revenues to be paid at the expense of the property owner. As a result of this the PER CAPITA tax burden in Illinois is lower than in Washington, and the property tax burden is correspondingly higher.

In view of the fact that wage rates, degree of mechanization, transportation distances, and transportation rates all constitute factors unfavorable to the growth of new manufacturing industry in Washington in competition with the industrial East, it seems to be a matter of especial importance to business and service organizations to stress not merely the Northwest's best known advantage in terms of competitive industry costs (cheap fuel in the form of Bonneville and Grand Coulee power), but, also the tax system of the State of Washington. It is clear that, since general revenue taxes are levied in a fashion involving a much lower degree of ultimate incidence to industry than is the case with a majority of competing states, and that special purpose taxes impinging upon industry (e.g. unemployment compensation) are well below the maximum among states under study. The method employed by Washington in financing state and local government constitutes an extremely positive factor in the projection of costs for new business organizations.

TRANSPORTATION

Transportation problems have long been one of the most important subjects in discussing the future economic possibilities of the Pacific Northwest and it was to assist the division and the commission in keeping abreast of and aiding in the solution of the state's transportation problems that the Transportation Committee was formed in June, 1945.

It has been proven many times in the nation's history that the national economy depends on adequate transportation and conversely, that transportation depends on the level of national income. Studies made by the Bureau of Transport Economics and Statistics of the Interstate Commerce Commission have discovered that revenue passenger miles, revenue ton miles and national income fluctuate together very closely.

One fundamental problem of the nation and the state, therefore, is to maintain the volume of traffic, so far as is possible, at or near wartime peaks in order to secure the most economical use of equipment and the highest level of economic activity possible for the benefit of carriers, shippers and the general public. The service and rate policies of rail, highway, water and air transport are of vital importance so far as they may effect the volume of traffic handled during the postwar period and therefore worthy of close examination by the state.

With these facts in mind, the Transportation Committee launched its program which will be reported in these pages. It must be brought out at this time that with the exception of the opposition of ex-parte 162 rate increase, the Governor's Advisory Commission, to whom the committee reports, has accepted the committee's findings for study but has not as yet placed their seal of approval on the conclusions of the committee.

I. Opposition of Ex-Parte 162 Rate Increase

In view of the probable retarding effects of freight rate increases on industrial and agricultural growth and development in the state, the commission deemed it necessary to protest formally before the Interstate Commerce Commission at a regional hearing held at Salt Lake City, Utah, August 12 through August 15, 1946, on ex-parte 162, the petition by first class railroads for a 25% increase in freight rates with specified exceptions on certain commodities. In the verified statement filed with the Interstate Commerce Commission on behalf of the division and the commission, the nature of the latter organizations was briefly presented. Reasons given for opposing the blanket percentage increase were:

A. The far western shipper is, on the average, subject to longer hauls and therefore a percentage increase will effect him more adversely than the shipper located closer to the great eastern centers of population.

B. Class rate levels in Mountain-Pacific territory (roughly, the 11 western states) are much higher than elsewhere; therefore, a percentage increase will increase freight bills of shippers subject to class rates to a greater extent than in other territories, particularly eastern territory.

To assure that the Far West would be treated no more unfavorably than any other region in reaching competitive markets, these suggestions were then made:

A. Class rate adjustments should be delayed until the Interstate Commerce Commission has an opportunity to investigate fully relative rates and transportation costs in each territory including Mountain-Pacific territory in the light of postwar economic conditions. Should the Interstate Commerce Commission then find increases justified, rates should be increased uniformly in stated amounts per hundred pounds rather than in terms of percentages.

B. Each commodity rate should be analyzed on the basis of its individual merit and the particular economic condition thereto pertaining. If in a particular instance the Interstate Commerce Commission finds a rate increase justified, such increase should be stated in cents-per-hundred-pounds rather than in terms of a blanket percentage increase.

C. In general, in making rate adjustments, the probable effect on the volume and composition of traffic should be considered of primary importance in the light, not only of enabling shippers to expand output near capacity in order to obtain lower per unit costs, but also in the light of aiding carriers to secure adequate revenues in the long run. (So far as the committee has been able to ascertain, no conclusive evidence is available indicating to what extent a blanket 25% increase in freight rates will cause railroad revenues to increase or volume of traffic to decline. The committee submits the probable effects of a 25% increase in freight rates on volume of traffic as a fit subject for investigation by the commission before any increases are put into effect. Should it be found that the volume of traffic would seriously decline as a direct result of the rate increase, it is obvious that such increase is neither to the interest of carriers generally, nor of those striving to promote industry development.)

Briefly, the main concern was to show that a blanket percentage increase would discriminate against the Far West and thus deter the promotion of new industry and expansion of existing industry which are necessary in order to secure fuller employment for the benefit of all. The committee thus joined shippers and public service commissions in the West in expressing opposition to the proposed manner of rate increase and in this respect had the whole-hearted cooperation of the State Department of Transportation and the Office of the Attorney General.

II. Inland Navigation Company Complaint

At the request of port authorities along the Columbia River for the Advisory Commission to intervene in behalf of the Inland Navigation Company, a barge line operating on the Columbia, the Transportation Committee studied the proposal in Inland's petition before the Interstate Commerce Commission requesting that various railroads join with the barge line in establishing joint through routes and rates for the interchange of traffic. After hearing testimony by interested groups, the committee came to the conclusion that it did not have sufficient evidence to determine what rates should be established nor how far the rates should extend territorially. The Advisory Commission decided

not to intervene in this complaint but expressed belief that the interests of the state could best be served by:

A. Encouraging a more coordinated transportation system with respect to rail and water carriers.

B. Maintaining any parity in rates which now exists between ports with respect to inland points.

C. Establishing greater uniformity in freight rates so that rates to and from inland points are as favorable to shippers as existing port-to-port terminal rates so far as relative transportation costs and revenue needs of the carriers permit.

III. Class Freight Rate Study

Appreciative of the growing need for a freight rate structure in the West more conducive to the development of manufacturing, the Transportation Committee after consideration of documented evidence in various governmental publications came to the conclusion that although the freight rate structure in the West fitted the needs of shippers at a time when the economy was almost exclusively concerned with the production of raw materials, this was no longer true. The major reason for this is that the economy of the Far West has changed during the past three decades so that the importance of manufacturing, processing and semi-processing of raw materials has increased greatly.

A. Committee Conclusions

1. Class freight rates in the 11 western states according to the available studies are much higher than comparative transportation costs would seem to justify relative to the other major territories and particularly eastern territory. For example, western territory class rates were indicated to be 66% higher than eastern in terms of one government report. Since products of manufacture move largely on class freight rates, this tends to discourage the development of manufacture in the West.

2. Within the western territory there is considerable variation in rates which does not seem to be justified by the available cost studies. Rates to and from the interior and within the interior, are much higher than rates between terminal port cities on the coast. This is particularly harmful to the interior regions at a time when the War Department and Department of the Interior are expending large sums on Columbia River and Columbia Basin development. Higher rates in the interior are also harmful to the port cities in discouraging trade with their own interior regions.

B. Rate Distinctions

At this point it should be explained that there is a basic distinction between class rates and commodity rates. A class freight rate is a rate which applies to groups of commodities by means of freight classification. The class rate is basic (although only about 2% of total tonnage of traffic moves on class rates in Mountain-Pacific territory) in that it applies to all commodities which are not specifically excepted. The class rates vary in

terms of length of haul, increasing gradually as mileage increases, but usually less than proportionately.

A commodity rate is a rate which applies to a specific commodity. It is almost invariably lower than the corresponding class rate and is usually listed specifically on a point-to-point basis rather than generally on a mileage basis. It represents a departure from the class rate which otherwise would apply, is designed to fit particular conditions, and tends to reflect the relative bargaining power of the shipper and carrier.

Articles which move on class rates are usually those of shippers who are not large and powerful and therefore have very little bargaining power in influencing railroads to adjust rates on a lower basis or in obtaining the lower commodity rates. Obviously then the small manufacturer is penalized. If the small manufacturer is unable to obtain commodity rates, the only other solution is to attempt to obtain class rates more in line with the levels of class rates in the other rate-making territories as a means of promoting small business until it too has sufficient bargaining power to obtain the lower commodity rates.

In the survey made by the committee it was found that shippers who had sufficient bargaining power to obtain commodity rates were, with but minor exceptions, unconcerned with attempting to obtain lower class rates. This was apparent at the start as those who are able to obtain commodity rates obviously are not subject to class rates and consequently feel that a revision of class rates would not aid them. The concern of the committee in this phase of its work was to investigate the needs of small business in order to encourage its development and promotion. At present it would appear that little effective work can be done until the United States Supreme Court renders a decision on the "Class Freight Rates Investigation: 1939", or until the 11 western states themselves decide to act together.

In conclusion, however, the committee felt that rates should be designed not only to take care of existing traffic but to encourage the development of new traffic through a readjustment of class rates so far as justified by relative transportation costs and the revenue needs of the carriers. In this manner any barrier to the development of new industry by reason of comparatively high freight rates will have been reduced, thus removing some of the grounds for the usual complaints about "high freight rates" in the West.

IV. Eastbound vs. Westbound Rates

Another factor of considerable importance in attempting to secure railroad freight rates on a more equitable basis with other rate territories is the application of the same rates on eastbound transcontinental mixed carloads of freight as on westbound traffic. At present, eastbound rates on mixed carloads, that is, cars containing more than one commodity, are much higher. This is because Transcontinental Freight Bureau Rule 10 applies in all rate territories except for eastbound transcontinental traffic. This situation could be corrected by establishing the same arrangements on eastbound mixed carloads as on westbound movements, that is, by applying TFB Rule 10 on eastbound as well as westbound traffic.

According to Rule 10, all goods in a mixed carload take the highest carload commodity rate applicable to any one of the goods in the carload subject to the highest minimum weight of any of the goods. This results in westbound rates for less than carload shipments which are but slightly higher than for carload shipments. In lieu of this arrangement on eastbound shipments, mixed carloads are charged the highest class rate applicable on any of the goods in the car subject to the highest minimum weight for any good in the car **or** are charged a carload commodity rate on one of the goods in the car subject to its own minimum weight plus less than carload class or commodity rates on all the other goods in the car. The result is that rates on mixed carloads eastbound are much higher than on westbound shipments, a situation which needs correction if the West is not to be discriminated against.

FOREIGN COMMERCE

The Foreign Commerce Committee was formed on September 25, 1945, to consider the many different matters pertaining to Washington's foreign commerce. The problem of developing our foreign trade on a basis which will permit Washington products to compete in world markets after normal trade conditions prevail is one of primary importance to this state.

I. Foreign-Trade Zones

One important factor in developing the state's foreign trade is the reduction of red tape and complicated customs procedures which seriously handicap the American importer and exporter and discourage many manufacturers from seeking foreign markets. One facility which reduces some of the risks and complications of importing and exporting is a foreign-trade zone.

A. Trade Zone Survey

As the establishment of a zone involves a considerable investment, the Division of Progress and Industry Development and the Seattle Port Commission engaged Professor Charles J. Miller of the University of Washington Bureau of Business Research to conduct a survey to determine the economic feasibility of a foreign-trade zone in the state. This survey is being printed and will be distributed to business men and organizations concerned with foreign commerce to enable them to make the decision as to whether a zone should be established.

B. Foreign-Trade Zone Description

The Cellar Act, passed by Congress in 1934, legalized the establishment of foreign-trade zones in the United States. The purpose of the act is to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States to expedite and encourage foreign commerce. The act also created the Foreign-Trade Zones Board, consisting of the Secretaries of Commerce, War, and Treasury, to administer its provisions.

The following definition of a foreign-trade zone, promulgated by the Foreign-Trade Zones Board, is perhaps the best available:

"A zone is an isolated, enclosed and policed area, under the supervision of a designated board of federal officials, operated as a public utility by a corporation, in or adjacent to a port of entry, without resident population, furnished with the necessary facilities for lading and unlading, for storing goods, and for reshipping them by land and water; an area into which goods may be brought, stored and subjected to certain specified manipulation operations. If reshipped to foreign points, the goods may leave the restricted trade zone without payment of duties and without the intervention of custom officials, except under certain conditions. Such products cannot, of course, leave the trade zone for domestic use or consumption without full compliance with existing customs laws. Goods may not be manufactured or exhibited in such an area. The area is subject equally with adjacent regions to all

the laws relating to public health, vessel inspection, postal service, immigration, and to the supervision of federal agencies having jurisdiction in ports of entry, including customs, to a limited extent."

Physically, then, a zone is an enclosed area, usually by a fence; it is continuously guarded by customs police for the Treasury Department; it may not have people living in it, and it must have adequate physical facilities for the functions it is to perform. Functionally, it is a public utility with rates approved by the Foreign-Trade Zones Board. In it goods may be stored and manipulated; and from it goods may be re-exported without payment of duties, posting of customs bond and usually without the intervention of customs officials.

II. Foreign-Trade Zone Report

A. Findings

The foreign-trade zone report (Miller Survey, Sec. IA) makes no recommendations for or against the establishment of a zone in this state. Such zones have only been authorized in this country since 1934 and there is very little information available on their operation. New York City established a zone in 1938 which has been profitable and undoubtedly contributed a great deal to the foreign commerce of that area. Mobile, Alabama, established a zone which failed as it became a political football and had no opportunity to prove itself.

B. Industry's Position

Leading trade organizations in the United States favor foreign-trade zones; only the public warehouse interests oppose them. Opposition to a zone by individuals has existed in many cases because of a misunderstanding of the functions and operation of a zone. As stated before, the trade-zone survey makes no recommendations but presents all available data on the function and operation of a zone. Detailed estimates on the potential business, initial and operating costs have been made. The report indicates that Seattle is the most feasible location for a zone and the evidence presented should be sufficient to enable the business organizations and civic groups concerned to reach a decision on the matter.

C. Zone Plans Elsewhere

New Orleans will have a foreign-trade zone operating in the very near future. San Francisco and Los Angeles are considering establishing zones. In Canada, plans have been made to set up foreign-trade zones at Quebec, Montreal and Vancouver, British Columbia. Many other Central and South American countries have established or are considering the establishment of foreign-trade zones.

III. Credit and Transfer Insurance

The proposed federal legislation establishing export credit and transfer insurance would be a definite contribution to expansion of our foreign trade and has

been so recommended to Washington's congressional delegation by the Advisory Commission on information from the committee. Such insurance would reduce the financial risks in exporting, encourage small business to engage in foreign trade and improve the competitive position of American products in foreign markets.

IV. China Mission

The committee also considered the matter of a Washington State Mission to China. The primary purpose of such a mission would be to promote goodwill and to exchange ideas and information relative to commerce, industry and agriculture. A special committee was appointed to investigate the idea. Discussions were held with members of the Far East Department of the University of Washington, members of the China Club of Seattle and representatives of the China American Council of Commerce and Industry. A considerable amount of information relating to such a mission was assembled; however, no recommendations were made and the outbreak of civil war in China has resulted in delaying further action on the matter until a more opportune time.

V. Asia as a Postwar Market

With the prospects of a tremendous increase in the products of Washington's farms and industries new markets must be sought outside of the state, a fact which led to the committee's study of Asia as such a market.

The state and the nation constantly must be alert to possibilities of foreign markets and encourage the establishment of facilities and procedures that will eliminate unnecessary barriers to foreign trade and at the same time protect American labor and industry.

The gigantic upheaval of war has changed the economic picture in Eastern Asia so radically that it is impossible to "go back to prewar" even if desirable. The century-old regime of special rights and privileges for foreigners in China has been abolished. Throughout Asia, war has brought a tremendous drive for industrialization, which is definitely the key to raising the purchasing power of almost one billion people. The possible effect of this increased purchasing power on American foreign commerce can best be illustrated by the following prewar figures. Forty million Englishmen consistently bought more in the American market than 400 million Chinese. The nation's entire business with the billion people of eastern Asia averaged around a billion dollars a year, or a dollar per capita—a trifling figure compared with the trade with Canada, which amounted to seventy dollars for every Canadian.

VI. Ports and Port Facilities Study

The Ports and Port Facilities Subcommittee was organized in July, 1945, and made detailed investigations of several port development projects submitted by the various Port Districts on Puget Sound. Meetings were held in Blaine and Everett to gather first-hand information on proposed improvements for which state funds were requested. The committee's findings and recommendations were then forwarded to the State Development Board by the commission.

Port developments were recommended as one of the most effective means of promoting employment and the general welfare of the state. However, as it became apparent that state funds would not be necessary to maintain full employment in the first postwar year, subsequent port development projects were referred directly to the Development Board and not acted upon by the committee or commission.

The problem of constructing and maintaining adequate facilities in Washington's ports is not only the concern of the individual port districts but of the entire state. Washington must compete with other Pacific Coast ports in handling foreign and domestic water-borne commerce; and unless adequate berthing space, cargo-handling facilities, and repair yards are available, a competitive position cannot be maintained.

HOUSING

Immediately following the enactment of the law creating the Division of Progress and Industry Development, and the creation of the Governor's Advisory Commission by Executive Order, it became clearly evident that neither the division nor the Advisory Commission would be able to fulfill its charge of encouraging new industry to come to the state without first having solved the problem of the acute shortage in housing which had developed during the war and became more acute after VJ Day.

The postwar housing crisis was caused primarily by the rapid demobilization of Washington State members of the armed forces, the migration of other veterans from other states who found Washington more desirable for residence than the locale from which they were inducted, the war plant workers who remained in the state as permanent residents after closure of the war industries and who have been absorbed in peacetime industry as borne out by the employment survey mentioned earlier in this report, the several thousands of people who migrated to this state preparatory to attempting to get homes in the Columbia Basin Development, and, finally, the ordinary increase in the state population.

Cited as examples of the problems may be three instances where the shortage of housing has been felt very keenly:

1. An airlines company, when considering a move of its headquarters to Seattle, was forced to give up the plan at least partially because the move would have entailed the immediate transfer of some 1,000 families to Seattle and the probable importation of another 5,000 families in the next five years. Housing for such a number was unavailable.

2. A Seattle aircraft company has been hampered in its commercial work by the fact that the necessary housing for competent inspection personnel is lacking.

3. Registration personnel handling applications and registrations for Columbia Basin farms have reported that in their estimation, persons who have reported through Eastern Washington looking for homes in the Basin Development up to October 1, 1946, would total over one million persons.

To handle the housing problem as thoroughly and as quickly as possible, the Housing Committee was formed March 26, 1946, to work out ways and means of handling the problems, some of the most important of which will be enumerated in this report.

I. Housing Materials

At the committee's organizational meeting it was clearly evident that the main problem to be approached and overcome was the lack of materials with which to erect and furnish new dwellings.

A. Hanford Project

1. The first step made in the committee's efforts to solve the material shortage came when it became known that almost all the salvage from the Hanford Engineering Plant at Richland, Washington, was being shipped to points outside Washington, with a resultant loss to builders in this area.

The commission took immediate action and as a result of the findings of the committee, pressure immediately was brought to bear that resulted in the contractor at the project agreeing to local sale of the materials. Ultimately nearly 90% of the reclaimed materials from the Hanford Project reached local builders.

II. Dealings With Federal Agencies

Most of the recommendations made by the committee to the commission had to be acted on by the federal agencies involved in that type of work and lack of action on recommendations by local offices prompted the committee to appoint a sub-committee to personally contact National Housing Expediter Wilson Wyatt in Washington, D. C.

A. Washington Conference

The conference with Mr. Wyatt and his staff resulted in four basic accomplishments.

1. Manufacturers were prevailed upon to enter into an agreement to supply building materials on a basis of the greatest amount to the area of greatest need.

2. Allocation of HH building priorities in the state was increased by the action of the committee in having the 1945 census estimate used as the base rather than the 1940 census as previously planned.

3. A government housing agency survey team was put in the field to locate all surplus building material and equipment so that as much of it as possible might be offered for sale without delay. Logging and road-building material and equipment listed as surplus also were subjects of the survey.

At present the Housing Committee is working on or studying the possibilities for the creation of a uniform state building code, the possibility of establishing a state housing authority, the enactment of clarifying legislation whereby sewer and water districts might be more easily installed in unincorporated districts and a plan for better cooperation between all housing agencies so that better results may be obtained for the overall good of the state.

Also included in the present activity of the Housing Committee is a survey project which is expected to be one of the most helpful to the building industry in the Northwest that has ever been compiled.

Cooperating with city, county and federal agencies, the Housing Committee is at present gathering information that will appear in a three-section report which will deal with (1) estimates of the required material for home construction over the next five years, (2) estimates of non-housing material needs over a like period, and (3) an overall report on all materials needs for all construction work in the future, with an estimated yearly-average total.

The survey involves a comprehensive study of the number of marriages in each county, the percentage of servicemen returning to the state, and probably most important, a population census estimate up to November, 1946.

The main purpose of the survey is to show in actual figures the rising necessity for more construction material in the area and thus to stimulate the growth of new building materials manufacturing plants in the Pacific Northwest by the simple expedient of presenting to prospective industrial investors sufficient pertinent data and facts to warrant their entering into the fields necessary to supplying the demands of the section.

MANUFACTURING
NATURAL RESOURCES DEVELOPMENT
FINANCIAL ASSISTANCE
AGRICULTURAL DEVELOPMENT

Due to the close relationship between work of the Manufacturing Committee and its many sub-committees and the program of the Natural Resources Development Committee, the Financial Assistance Committee and the Agricultural Development Committee, the reports of these various committees have been prepared together in this one chapter in an over-all picture of the work accomplished or being accomplished.

Radically new circumstances since the end of the war have presented industry with great problems and great opportunities in the state. Washington has now its best opportunity to attain a more balanced economy through increased industrialization.

Washington's new resource is PEOPLE. With a population of 1,736,191 in 1940 which leaped to an estimated 2,177,641 as of February 1, 1945, and a considerable increase since, we have for the first time sufficiently large markets in the Pacific Northwest and on the West Coast to support many new industries of considerable size. During the war the Pacific Coast advanced from sixth to third place among consuming areas of the United States.

Changes of such magnitude demand a new manner of thinking. The critical influence of the state tax structure, previously discussed, upon prospective new industries must be clearly evaluated and understood by the citizens of the state. Obstacles to the development and expansion of industries that support large payrolls must be cleared. Above all, the people of the state must face the fact of the presence of our new population and the urgent necessity of new opportunities for employment; the state is no longer only a colony, a source of raw materials or a scenic playground. Washington must go forward in industrialization with the rest of the United States. The penalty will be a gradual disintegration of our high living standards through economic stagnation. The potential manhours of productive labor which we are now exporting to other areas in our aluminum, timber, and other natural resources must be saved—at least, in part—for our own citizens.

Transportation rates, as has been indicated earlier in this report, constitute a critical factor in the competition of our own industries in Midwestern and Eastern markets. Railroad freight rates in the West exceed those in the remainder of the country. Even more discriminatory is the fact that rates on the transportation of manufactured articles are higher for movements from

Washington to the Midwest than from the Midwest to Washington. The situation has been greatly aggravated by the flat percentage increase which has recently been granted at the request of the railroads. The partial answer to this problem again lies in increased production, both in volume and number of products, for our West Coast population.

Only in part can foreign commerce assist us in increasing our industries. In the presence of world-wide unrest and uncertainty, few industries can expand their facilities in reliance solely upon foreign trade. This trade, however, will, of course, measurably reward all our efforts to increase our markets abroad, for it will, at least, partially support increased production and employment by our local manufacturers.

In many instances labor rates, conditions, and productivity are critical factors which decide whether new industries will build their plants in the state or elsewhere, or whether our existing industries will prosper and expand. Similarly, management faces a change in manner of thinking in conversion from our old, predominantly job-shop operations to production line methods and high volume. All these considerations must be thoroughly investigated, the true facts separated from impressions not founded in fact, and the results must be widely disseminated and understood by those in whose hands lie the industrial future of the state.

In the transition from war to peace, shipyards and aircraft producers and others have been hard hit. The aluminum industry now shows great promise of recovery and expansion. The present time is a critical one in which the state must determine which industries can utilize naturally our economic advantages and give them every encouragement.

Chemurgy must continue to expand through research. Other natural resources such as soil, water, and fuels must be taken advantage of. Where there are such resources such as the nickel-chrome-iron ores of Blewett Pass and Cle Elum, which may require the development of smelting and perhaps also fabricating facilities in Washington in order to be economically feasible, these must be put to use. Further advantage must be taken of our abundance of cheap hydroelectric power.

These considerations form the basis of approach of the Committees of the Governor's Advisory Commission on Agriculture, Natural Resources, Financial Assistance, and the committee on Manufacturing with its Sub-Committees on Disposal of Surplus Plants, Light Metals, Coal, Textiles, Assistance to Persons Starting New Businesses, Fertilizer and Labor Conditions.

MANUFACTURING

I. Utilization of Surplus War Plants

As has been indicated in the introduction of this report, the industrial establishments in which an extremely high proportion of the war-created increment of manufacturing employment in the State of Washington was located, were for the most part single-purpose war industries almost exclusively dependent upon government contacts. Further, these plants were designed with a primary objective in mind of creating facilities capable of meeting requirements of government procurement with no appreciable regard for the possible peacetime resale value or future competitive position of the facility in question. In view of the importance enjoyed by such plants in terms of employment in the period of war economy, 1941-45, one of the first problems confronting the Manufacturing Committee of the Governor's Advisory Commission was to promote the most effective possible conversion of these properties to operations capable of competing on a commercial basis in the peacetime economy.

A. Light Metal and Ferro-Alloy Plants

The aluminum plants which were constructed and operated under the Defense Plant Corporation during the war were the object of immediate study by the Governor's Advisory Commission. On August 22, 1945, the Advisory Commission, following the recommendations of the Light Metals Sub-committee, went on record favoring operation of the government-owned aluminum plants in the Northwest by qualified industry under lease arrangement (in view of the difficulty of obtaining outright sale of the plants at that time on terms which would guarantee the continued operation of the plants under conditions conducive to the development of related aluminum fabricating industries in this region), and resolved that the commission should lay out a definite program to assure a well-rounded aluminum industry in the Northwest which would include (1) establishment of a bauxite-to-alumina plant, and (2) establishment of extrusion facilities. The commission made a formal statement of its position to the Senate Sub-committee on Aviation and Light Metals, and advised the congressional delegation that it desired to cooperate in planning future use of the other surplus plants in the Northwest. On September 21, 1945, the commission requested the Governor to bring its recommendations on the light metals industry before the executive branch of the federal government. Shortly thereafter, the commission asked the Governor to urge the congressional delegation to support actively the pending aluminum stockpiling measure as a means of placing the aluminum plants in production, and asked the Governor to urge the tri-state congressional delegation and the governors of the 11 western states to support the measure. Subsequently, market developments in the aluminum industry made possible the return to commercial production of the plants in question. The intervention of government stockpiling and further activity in behalf of the stockpiling bill was accordingly discontinued both by the division and the bill sponsor, Hugh B. Mitchell. On February 15, 1946, the commission, on the recommendation of the Manufacturing Committee, urged that the University of Washington bring up to date its survey of the light metals industry, asked chambers of commerce and labor organi-

zations to support the stockpiling measure, and offered to provide Senator Mitchell with testimony at hearings on the Senate bill.

1. Spokane, Troutdale, Tacoma Plants

Subsequently, the alumina reduction plant and the rolling mill in Spokane, as well as the alumina reduction plant in Troutdale, Oregon, were purchased and placed in operation. Representatives of the Division of Progress and Industry Development, acting pursuant to the position of the Advisory Commission and in conjunction with representatives of the Bonneville Power Administration, laid before officials of the War Assets Administration in Washington, D. C., during April, 1946, the position of the division and Advisory Commission to the effect that the guiding principle in light metal disposal should be the promotion of an integrated aluminum industry in the Northwest. Meetings were held at this time with representatives of the two principal bidders on the Troutdale Plant and the cooperating agencies were able to induce these bidders to incorporate in their proposed contracts with War Assets Administration assurances as to the proportion of full capacity at which operation was contemplated and policies which should be followed to secure the development of an integrated industry. Conferences held by the same delegation with the Chief of the Special Purpose Plants Section of the War Assets Administration resulted in an understanding between the state, Bonneville, and the War Assets Administration as to types of utilization of this plant which should be favored as conducive to the development of the economy of the Northwest. Bids have been entered on the Tacoma Alumina Reduction Plant, but no sale has been consummated at the time of this writing.

2. Mead Magnesium Plant

The Mead Magnesium Plant provides a greater problem because of its relatively high-cost operation and the fact that magnesium production in the United States is a practical monopoly of one large corporation. Various proposals for use of the plant were received and studied by the Manufacturing Committee and the Advisory Commission. An offer by a Spokane group which contemplated the production of calcium carbide, a magnesium-phosphate type fertilizer cement, and lime was referred back to the proponents by the Manufacturing Committee and the Fertilizer Sub-committee April 2, 1946, for further technical details. On June 7, 1946, the commission asked the War Assets Administration to furnish an indication of its attitude toward using the Mead Plant for fertilizer production (citing evidence of possible feasibility presented by Drs. H. G. Benson and R. W. Moulton). Copies of the correspondence were sent to the congressional delegation and the Secretary and Department of Agriculture. The War Assets Administration replied that the plant must be held in stand-by condition for the production of magnesium, thus making conversion to the manufacture of other products economically infeasible. The Mead Magnesium Plant now awaits the development of a market for a large tonnage of magnesium metal. Indications point to the necessity of operation of the plant integrally with fabricating facilities if the operation is to be profitable.

3. Rock Island Plant

The Rock Island Ferro-silicon Plant offers the prospect of establishing a source of payrolls of not inconsiderable size, but has encountered a variety of obstacles. For many months the Sub-committee on Surplus Plants Disposal, the Manufacturing Committee, and, at various times, the Advisory Commission have exerted themselves to facilitate the disposal of this plant, which still remains in the custody of the War Assets Administration. Despite repeated efforts of an Ohio corporation to obtain the use of this idle plant for the smelting of Blewett Pass, and possibly, Cle Elum nickel-chrome-iron ores, questions of financial responsibility and technical feasibility, raised by the War Assets Administration have prevented progress. On July 12, 1946, adopting the recommendation of the Manufacturing Committee, the commission moved that a letter be drafted for the Governor's signature, emphasizing the following points: that the commission had reviewed the correspondence in connection with the Ohio group's proposal and felt strongly that the concern of the War Assets Administration should be limited to questions such as rentals and financing and that the objections of the War Assets Administration on such questions as ore supply, the determination of markets for the ingots produced, etc., were risk factors which are normally considered to be matters for the business discretion of the investing company; that the commission believed that the proposal involved no risk to the government, inasmuch as in the event of unsuccessful operation the company would return the plant to the government in as good condition as when received; that savings in expenses for watchmen, insurance, power, and the development of a vital raw material should be considered; and that the commission considered the operation of the plant very important from the viewpoint of employment and payrolls. The reply to this letter which was eventually received was not entirely satisfactory and permitted the continued existence in the minds of those who have surveyed the correspondence, the impression that sectional economic interests have clouded the merits of the issue. Conversion of this plant to a number of other products has been proposed. However, investigations of the Surplus Plants Committee have failed to show favorable indications as to the economic feasibility of any of these projects (which include the production of fertilizer, production of electro-thermic zinc and the production of glass brick) with the possible exception of a proposal of an eastern corporation to use the plant for the production of ferro-chrome. Details of this last proposal are not available at the time of writing and no firm proposal has yet been received by War Assets Administration from the corporation in question according to information available to this department. In view of the fact that the proposal of the Ohio corporation for the conversion of the plant to the production of chrome-iron and nickel-iron ingots seems most likely to further the development of derivative manufacturing in the area, the division and commission are continuing their efforts to secure consideration by War Assets Administration Iron and Steel Branch of the Ohio proposal and to effect the rendering of a decision according to Section 10 of the Surplus Property Act.

B. Other Surplus War Plants

1. Wilkeson Coke Plant

The Wilkeson Coke Plant of Tacoma presents the only sizeable source of industrial carbon in Washington, Oregon, or Idaho. It appears therefore to be the most evident solution to the key problem of providing carbon for fuel, chemical and metallurgical industries which must have an assured supply before establishing plants in Washington. To forestall the possibility of removal of the plant from the Northwest through purchase as scrap by a foreign government, the Manufacturing Committee established on July 2, 1946, a Sub-committee on Coal with instructions to investigate the sources of coal which could supply the Wilkeson plant, to prepare a brochure for public distribution calling attention to the availability of the plant and describing the facilities available, and to make other efforts to put the plant into productive use. Within a brief time the entire prospect changed rapidly; the threat of a sale to foreign interests waned and the sub-committee, after meeting to consider the general problem, recessed temporarily to avoid interference with the prospective bidding. The War Assets Administration indicated that it had been in contact with several possible bidders, and that it would request the assistance of the sub-committee in the event of the development of any difficulty.

Further studies on the broad problem of fuel and industrial carbon in the Pacific Northwest are discussed later.

2. Boeing-Renton Plant

The so-called Boeing-Renton Plant, a huge, completely equipped, well-designed aircraft assembly factory containing over one million square feet in the main building alone, presents different but equally difficult problems. The Surplus Plants Sub-committee and the Manufacturing Committee met frequently to discuss this problem during the winter and spring of 1946. On March 4, 1946, the Surplus Plants Sub-committee, with representatives of the cities of Renton, Chambers of Commerce, Boeing Aircraft Corporation, and private industrial groups, discussed the possibility of multiple rental and the Advisory Commission strongly urged the War Assets Administration to make a thorough investigation of all factors involved in the lease of the plant for multiple rental and to develop plans therefore which the commission and other public bodies would assist in carrying to fruition. The administrator of the War Assets Administration replied that the plant would not be surplus for many months, that the Navy might require a considerable portion of the installation after the contracts had been terminated, and that "any exhaustive study (on plans for multiple rental) must necessarily depend on recommendations of the regional manager."

Report that the War Assets Administration had committed a major portion of the main building to the Navy for a five-year period which was renewable at the option of the Navy led the Advisory Commission, at the instance of the Surplus Plants Sub-committee and the Manufac-

turing Committee, to register a vigorous protest against the proposed lease, particularly because it was for mere storage purposes.

The commission asked that some provision be inserted to allow cancellation of the Navy lease if a responsible private industrial organization should present a bid which would provide employment and a substantial new source of payrolls for the Seattle area. The commission further requested that if this provision for cancellation was impossible, the lease should permit reviewing by representatives of this area at least at an end of three years. Complete cognizance was expressed of the present need of storage space by government agencies, but it was emphasized that the need of industrial space in the Seattle area was critical and that the conditions for re-leasing at the sole option of the Navy were quite contrary to the interests of the Pacific Northwest.

On August 28, 1946, the War Assets Administration rendered a reply, stating that the War Assets Administration had made a conscientious but unsuccessful effort to locate alternative space for the Navy and to develop industrial interest in the facility, and revealing that a firm commitment for a Navy lease already had been made June 6, 1946. The administrator, however, added that as much space as possible was being reserved for industrial use and an increasing space would be released by the Navy, the requirements of which would decline on a straight-line basis to zero at the end of five years.

In accordance with this information the Surplus Plants Disposal Subcommittee is actively cooperating with the War Assets Administration in preparing plans for the lease of increasing areas of the Boeing-Renton Plant. Staff of the commission has been cooperating actively with representatives of various industrial firms who have shown a marked degree of interest in the lease of portions of the Renton plant.

3. Seattle Chemical Warfare Plant

The Advisory Commission further acted to urge that the Chemical Warfare Service of the United States Army should release a part or all of the 13 acres occupied by the Seattle Chemical Warfare Service Plant for the manufacture of gas-mask charcoal. The Chemical Warfare Service replied that this facility, which is located on the West Waterway, must be held in a standby condition with room for expansion if necessary; none of the area could be sold outright. As in the instance of the Boeing-Renton Plant, the aid of the congressional delegation in this problem was requested and received.

II. Assistance to New Businesses

The development of new businesses and the expansion of existing small businesses measure the economic health of Washington. In these smaller enterprises lie the best opportunities for preserving individual opportunity, resisting the spread of monopolistic controls, and better opportunities for labor. To this problem the Financial Assistance Committee and the Manufacturing Committee and its Sub-committees have devoted considerable effort.

A. Small Business Pamphlet

To render a general service to new, small enterprise, the Sub-committee for Assisting Persons Starting New Businesses, in cooperation with the Seattle Public Library, has prepared for public distribution a pamphlet, listing books and documents for the purpose of (1) describing the natural resources of Washington and its agricultural and industrial opportunities; (2) listing market statistics on industries; (3) providing general and specific assistance in estimating the opportunities for many small businesses and giving definite counsel on their operation; and (4) listing the various public and private research agencies which can help such new businesses. This compilation is well selected, quite comprehensive, and should be of value. For the assistance of inquirers in the Seattle area, the Seattle Public Library has indexed these publications and filed them together in one section for ready reference. Copies of the bibliography have been mimeographed for distribution to the public, libraries, chambers of commerce, and other interested organizations.

B. Specific Assistance

Various attempts have also been made to assist a number of specific new industries. Several were rejected as economically unsound or for other reasons. The Manufacturing Committee endeavored to put the proposed manufacturers of a household mixer in touch with sources of capital and a fabricator. Similarly a company which was organized to manufacture a type of private aircraft was directed to sources of capital. A proposal by an eastern engineer to establish a wire-drawing and insulation plant was studied by the Financial Assistance Committee. While the specific project was rejected, the committee decided that the idea contained merit and the Manufacturing Committee is cooperating with other organizations in attempting to obtain such a plant. The greatly increasing demand for wire of all types for conduits, electrical instruments and appliances is felt to be probably sufficient to support such a wire producing operation.

III. Development of New Fields of Business in the Pacific Northwest

Organized by the Manufacturing Committee, a Sub-committee on Textiles was activated during the summer of 1946, and began a study of the opportunities for various new textile industries in the area. Woolen, linen, rayon and silk spinning, weaving and manufacture of finished items have been investigated in a preliminary fashion. On October 8, 1946, the sub-committee recommended that a research project be formulated and set up under the Bureau of Business Research of the University of Washington or other competent agency. The purpose of such a survey will be the determination of what types of textile industry are suited to the state in the light of raw materials, other natural advantages, labor costs, and size of markets. The sub-committee regards this study as extremely important in plans for greater industrialization and self-sufficiency of the state.

A. Taub Report

It has been indicated at various points above that the prewar industrial experience of the Northwest lay primarily in the fields of raw material

production and the manufacture of semi-finished goods. This on occasion has lead to the somewhat bitter observation that the people of the State of Washington were victims of a "semi-colonial" economy. Assuming the existence of the element of truth in this complaint, one of the principal handicaps faced by the people of an area at this stage of an economic development in the effort to reach a mature level of industry, is the absence of an overall production view and of the great multiplicity of technical skills for mechanized areas such as Detroit, Chicago, and Ohio-Pennsylvania industrial area and the industrial centers of Europe. The Governor's Advisory Commission and the Division of Industrial and Resources Development of Bonneville Power Administration felt that the same types of experience which were deemed useful in industrial planning by foreign nations seeking to cope with problems similar to those which the Pacific Northwest faces in its relation to the East, might be of value in securing an overall objective picture of the immediate requirements of industry development in this area. Accordingly, at the joint invitation of the Division of Progress and Industry Development and the Bonneville Power Administration, Mr. Alex Taub, head of Taub Associates, International Engineers, at present retained as industrial consultants by China, Poland and Czechoslovakia, visited the State of Washington in May, 1946. In view of the peculiar importance to the State of Washington of the development of trade with China and the Orient, it was felt that Mr. Taub's experience in China and connection with the government of that country would be particularly useful to Northwest industries possessing the actual or potential capacity to enter this field of export.

Mr. Taub interviewed industrialists and observed manufacturing operations in Spokane, Vancouver, Seattle, and Tacoma during the period from April 29 to May 11, 1946, and spoke before public and industrial groups, suggesting the undertaking of manufacture of a small aluminum automobile, a heavy-duty magnetic brake, a family bus to take the place of a station wagon, high-speed railway car trucks, and other items which he felt were economically suited for manufacture in this area. A number of these products aroused very distinct interest on the part of well established Washington manufacturers as well as on the part of groups seeking to find opportunity for possible industrial investment in the production of new products.

In the field of China trade, Mr. Taub was able to render material assistance to two Washington firms which were equipped to provide products and services in the immediate China program by informing them (1) as to procedures which should be followed in their presentation, and (2) of the individuals and agencies which should be contacted to secure a hearing.

Mr. Taub later rendered a report in which he advised the preparation of a definitely scheduled plan for development of Washington industry, with emphasis on providing man-hours of employment and on relatively small industrial ventures employing fewer than 1,000 employees. He suggested further, a comprehensive plan for gathering all available information on specific products or groups of products under the heading of short-term and long-term foreign and domestic possibilities; a central engineering design

and development organization, as well as market analysis and advisory service for small manufacturers, which would gather ideas for devices from all over the world that might be suited for manufacture in Washington; and to coordinate and vigorously prosecute all types of research.

The Manufacturing Committee believes that the Taub report was valuable as an orderly engineering analysis of the industrial problems of the state and its future possibilities.

IV. Investigation of the Competitive Industrial Position of Washington

To what extent can Washington industry compete with Southern California, the Midwest, and the East? Among the crucial factors are taxation and transportation, and particularly labor costs. Washington wage rates enjoy the reputation of being generally the highest in the United States. On the other hand is the less publicized fact that wages in a number of industries are lower than elsewhere. When certain industries have moved their operations from Washington to the Midwest, the report has been publicized by some that the cause lay in the excessively high wage scales. On September 17, 1946, the Manufacturing Committee addressed itself to this problem, believing that the actual facts would have to be determined on a subject so decisive to the industrial future of the state. Its direct influence on the standard of living of all economic classes was considered inevitable, but not really comprehended by the public. The Manufacturing Committee formulated a statement of the problem as follows: What factors of labor rates, conditions, productivity and supply are conducive to or a deterrent to the establishment of new industry or the expansion of existing industry in the State of Washington? A special Sub-committee consisting of representatives of management and labor organizations, appointed by the Manufacturing Committee, discussed at length the feasibility of a survey and concluded that unless all the groups represented gave whole-hearted cooperation to the project, it would be valueless. All have pledged themselves to work together. Present plans provide that the survey and collection of data shall be by disinterested, unbiased organizations such as the University of Washington State College. Supervising this agency, directing its efforts and studying the means by which data is obtained, interpreted and assembled, will be a steering committee composed of an equal number of representatives of employers and employees. In this manner the information may be interpreted and accepted by all concerned without, it is hoped, the conflicting opinions and doubts which would easily vitiate the entire program of fact-finding.

NATURAL RESOURCES DEVELOPMENT

V. Development of Specific Natural Resources

Although in most instances surveys of raw materials for industrial use can best be accomplished by industry itself, the state can render a great service to its citizens by arranging for general studies of other raw materials and natural resources which go beyond the scope of interest of private industry.

A. Power

The field of hydroelectric resources of the state is one. During the fall and winter of 1945-1946, the Natural Resources Development Committee heard extensive testimony from many witnesses in an attempt to estimate existing hydroelectric resources and future demands of the state. In its hearings the committee called for estimates of future demands from all private and public power producers, including private power companies, municipal systems, and federal agencies. All presently scheduled additions to existing power facilities were included. This investigation clearly indicated the fact that the use of power in the postwar period has sustained itself at a wholly unexpected high level. Although most experts had worked on the assumption that the war-built light metals plants would remain idle for a few years, the Spokane and Troutdale plants have been returned to production and can be expected to return quickly to nearly their wartime load. Using several widely varying estimates of the rate of growth of power consumption by the Pacific Northwest, the Natural Resources Development Committee attempted to form a sort of middle-of-the-road estimate. The committee also emphasized that if industry were to come to the Northwest, it would come in reliance on presently existing power facilities, not on promises for the future. Obviously, any optimistic view of the Northwest would demand a considerable excess of capacity above the 10 percent excess which is normally needed to take care of peak loads.

The Advisory Commission considered separate reports of three members of the Natural Resources Development Committee and on March 1, 1946, the commission approved a motion urging the immediate construction of the Foster Creek Dam.

B. Water

Power estimates led naturally to a critical examination of the water resources of the state. Despite a common impression that at least on the western slope of the Cascades the state has a practically limitless supply of water, the growing population, industry and agriculture of the state have made it necessary to conserve this resource. The Natural Resources Development Committee investigated at length the need for an integrated program for the conservation and development of water resources, both ground and service. At its suggestion the Advisory Commission adopted a motion recommending that the next legislature make adequate appropriation for such studies and that in the interim prior to the convening of the legislature the Department of Conservation and Development make use of whatever funds were available for these purposes, and that the appropriate federal

agencies be informed of the desirability of an integrated program for the conservation and development of the water resources of the Northwest.

C. Flood Control

The need of further measures for flood control was also recognized by the Natural Resources Development Committee. The Advisory Commission adopted June 7, 1946, a resolution of the committee approving state participation in flood control where there was local cooperation, and recommending that adequate expenditures for flood control be made from existing appropriations where found justifiable by the Department of Conservation and Development and the department prepare legislation making adequate provision of funds for flood control for submission to the next legislature.

D. Fuel

The fuel resources of the state provide another instance of a common misconception. Although probably a majority of the citizens of the state would doubt that a problem existed, evidence points strongly to the probability of a fuel problem in the Pacific Northwest within a few years. Wood wastes are diminishing and are too valuable as a source of by-products to permit their continued use as a major source of heat. Fuel oil similarly will continue to decline for the same reasons. Costs of Utah coal are certain to rise because of increased labor and transportation rates. Production of coal, of which Washington has almost limitless supplies, has been declining in this state for many years because of a variety of difficulties. Whatever the difficulties it seems evident that Washington can scarcely afford to rely heavily on another rather distant state for its main source of heat.

In the face of this evident problem, the Natural Resources Development Committee after extensive investigation concluded that the nature and extent of Washington's fuel problem should be carefully studied by a competent and disinterested agency. The Department of Conservation and Development after requesting bids from numerous nationally-known research agencies, contracted with the Battelle Memorial Institute of Columbus, Ohio, for a preliminary survey of the status of the existing and prospective supplies of the available types of fuel including electricity in the state, to determine whether a problem exists. If the results of the survey confirm the opinion of those who are most familiar with the problem, this study, which has been established under the supervision of Mr. Sheldon Glover, Supervisor of the Division of Mines and Geology of the Department of Conservation and Development, will prove to be a timely insurance. A report will be rendered during January of 1947; it may well be expected to indicate the need of a program of vigorous investigation and research on the processing of Washington coals to make them economically competitive with products of other parts of the United States. Washington must develop these coals not only for heat, but also as a source of industrial carbon for dozens of industries.

AGRICULTURAL DEVELOPMENT

VI. Specific Farm Problems

Agriculture in Washington, through the expansion of such industries as food freezing and, of course, the development of the Columbia Basin project, has taken giant strides during recent years. Concurrently many serious problems have arisen or have increased in urgency.

A. Columbia Basin Farms

Restrictions on the size of farms in the Columbia Basin Development as well as on the choice of prospective land-holders, have been vigorously attacked. In the opinion of many groups, the prospective income from a 55-acre farm of Class I land in the development is simply inadequate to attract the most desirable, ambitious farmer, but will rather attract those who would be satisfied with merely a subsistence. The Agricultural Development Committee and the commission have discussed this problem at length but have not yet taken action.

B. Fertilizers

Fertilizers of all types are badly needed in many areas of the state. Phosphate fertilizers are the most urgent demand, yet despite the presence in the Northwest of all the elements for the cheap production of fertilizer prices of phosphate fertilizer are higher in the Northwest than anywhere else in the nation and supplies are inadequate. This problem, which is of vital concern to the farmer and to the health of the nation has been the object of much study by the Manufacturing and Agricultural Development Committees, the Fertilizer Sub-committee, and the Advisory Commission. Proposals to use the Rock Island Ferro Alloys Plant and the Mead Magnesium Plant are still under discussion. The University of Washington and other individuals have developed a process of producing a new type of fertilizer from a smelt of phosphate rock and olivine or serpentine mineral. The commission has assisted in publicizing this work and the several companies are now in the midst of preparations for commercial production. In the meanwhile, the Fertilizer Sub-committee has labored to develop a practical, long-range solution for this pressing problem and suitable actions which can be taken. Tentatively, until results of agronomic tests by the State College are completed, the sub-committee believes that several small phosphate-olivine plants could be established to alleviate the shortages over relatively small areas. The ultimate solution appears to be the construction of a plant at the phosphate rock beds in Montana, Idaho, or Wyoming for the manufacture of products such as triple superphosphate and elemental phosphorus, which because of their concentration can be shipped competitively into many states of the West and Midwest.

Chemurgy and the inventiveness of the Pacific Northwest are making rapid progress in their development of new uses for our waste farm products and our surpluses. Among projects which the Manufacturing Committee has studied are a new method for preserving and protecting fruits and vegetables by the use of a latex cover and a novel process for manufacturing from cull

fruits certain dehydrated food products for use as candy and in marmalades and fruitcakes. The latter, on the recommendation of the Advisory Commission, has been referred to Washington State College with a suggestion that a plan for a pilot-plant operation be developed cooperatively with the college, the inventor, private groups, and Bonneville Power Administration. The details of this plan are now being worked out, and it is hoped that the process may eventually consume a moderate quantity of cull fruits.

C. Markets

The Agricultural Development Committee is also taking under discussion the problems of farm-to-market-roads and the necessity of research on marketing and distribution of farm products, and will prepare further recommendations for the action of the Advisory Commission in the near future.

HEALTH

In recognition of the vital importance of maintaining and improving the health of the people of the state, a Health Committee was organized in April, 1946.

The necessity of an agency for correlating the activities of the various health agencies within the state and nation and for preparation of legislative material not within the scope of some of the other state agencies, led to the committee's being charged with a widespread program.

The immediate objective of the committee at the time of its organization was the preparation of legislation for submission at the 1947 session of the legislature. In line with this objective, the committee members, the State Department of Health and the Office of the Attorney General have completed drafts of proposed legislation.

I. Health Legislation Endorsed

A. Revision of Health Laws

Endorsement of the principle of revision and recodification of the health laws. At present many of the laws are obsolete, conflict with one another and are in need of minor revisions. One of the minor changes involved is the wording of certain laws in which the "State Board of Health" should be replaced by "The State Department of Health". For example: The Board of Health actually is an advisory body to the Department of Health and communicable disease reports should be sent to the State Department of Health rather than the State Board of Health.

B. Revision of Section 1, Chapter 80

Endorsement of an amendment to Section 1, Chapter 80, Laws of 1945, in order to clarify the wording. At present there are two phrases which need clarification, namely, "as far as possible" and "wherever feasible". These phrases have resulted in some confusion and inconsistencies in the administration of the above law.

C. State Hospital Licensing Law

Endorsement in principle of the rough draft of a bill for a State Hospital Licensing Law. This was deemed necessary in order to raise the standards of hospitals throughout the state, to render better care for persons receiving hospital care and to conform with the requirements of federal legislation, i.e., Public Law No. 725, which is known as the Hospital Construction Act. Although the Department of Health has been designated by the Governor as the administrative agency, it is necessary for the state legislature to approve legislation authorizing one state agency, namely, the Department of Health, to administer Public Law No. 725, so as to be eligible for federal funds. This proposed legislation in addition will repeal the present Maternity Home Licensing Law and include the necessary revisions for improving standards under the Hospital Licensing Law. At present there are about 12 licensing laws in the United States, among them being California's. One

of the committee members is consulting with the administrators of the California law in order to profit by their experience.

D. Establishment of Mental Health Division

Endorsement in principle of a rough draft of legislation giving authority by law for the establishment of a Division of Mental Health within the State Department of Health. In this manner the Division of Mental Health now functioning as a section within the State Department of Health will be strengthened.

E. Cancer Control Bill

Endorsement in principle of the desirability of drawing up a bill on cancer control which would authorize the establishment of a Division of Cancer Control within the State Department of Health. If this were accomplished by the 1947 legislature the State of Washington would be the first on the Pacific Coast to develop such a program.

II. Medical School Program

Due to the late date of the formation of the Health Committee, study and endorsement of the legislation related in preceding paragraphs, which the State Department of Health will bring out during the coming session, made up most of the activity of the committee.

Some work, however, was devoted toward forming a program of cooperation with the newly established University of Washington School of Medicine in an effort to assist the new school in becoming one of the outstanding establishments of its kind in the nation.

Little has been actually accomplished in that vein but plans have been made and further work is contemplated which will enable the committee to render valuable services to the new medical school. This is seen as one of the primary projects of the health committee during the coming biennium.

TOURIST TRADE AND FACILITIES

The Tourist Trade and Facilities Committee was formed in August, 1945, to make a factual, well integrated study and report on existing facilities in the state and the non-existent necessary ones that should be planned.

It was recognized by the committee that recreational travel is one of the state's largest industries, and that with proper planning and support from all agencies concerned, both public and private, it could be the largest industry of all.

Prior to the war, tourist trade in the state was valued at \$55,000,000.00 annually. It is entirely possible that the figure can be doubled in the next few years, providing proper facilities are available.

Surveys of several eastern states, coupled with two national surveys, indicate that over 50% of the people planning vacations in the United States intend to visit the Pacific Coast. Many other tourists will pass through enroute to Canada, Alaska and the Far East.

Increasing numbers of tourists are coming to Washington, but how long they stay and how many return depends largely on adequate facilities and accommodations. Washington has many natural advantages and scenic wonders but proper facilities must be provided to handle the tourist trade if the state is to realize the greatest possible benefits from such resources.

I. Committee Action

In October, 1945, the committee formulated an over-all program which was thought to be the best possible means of encouraging tourist trade and developing tourist facilities. The program, approved by the Advisory Commission, included recommendations calling for both administrative and legislative action but due to budget restrictions, only a very small part of the program was made effective. However, it is anticipated that that portion of the program calling for legislative action will be presented to the legislature during the 1947 session.

II. Tourist Trade Committee Recommendations

A. From the survey now being made of tourist facilities in the state by the State Department of Conservation and Development, a list of the state's resorts and tourist facilities should be compiled, giving an honest description of accommodations offered by each, prices charged and recreation facilities available. This list should be published in the form of a tourist guide. Notation should be made of the sanitary condition if the facility has been approved by county or state health authorities.

B. The state, through the proper agency, should erect at the main portals of entry into the state a series of tourist bureaus. Available at these bureaus should be the list of facilities and such other information as a tourist might desire. Aid should be given the visitor in planning tours and arranging itineraries on the basis of the time he has to spend in the state and the distances he wishes to drive.

C. Honest and accurate listing of accommodations, prices and facilities would encourage owners to improve services offered the tourist. The committee should offer further encouragement, such as aiding owners to obtain such improvements as better roads, stocking of adjacent streams and lakes with fish and removal of pollution factors which may affect the owners' businesses.

D. There are several scenic spots in the state that have no, or very inadequate, tourist facilities. In these instances the committee should encourage private capital to build resorts.

E. The committee should seek to establish in the state a planned system of diversified resorts so spaced and situated as to encourage tourists to remain in Washington a maximum time. Such a system might require state construction at some sites, the facilities to be leased to private operators.

F. The committee should encourage establishment and development of state parks to insure to the public the perpetuation for the public of outstanding scenic attractions.

III. Washington State Tourist Survey

In January, 1946, the department, through the committee, authorized the Bureau of Business Research, University of Washington, to undertake a study of Washington's tourist industry. The survey, under Dr. N. H. Engle's direction and with R. G. Seymour as field supervisor, has evaluated the natural tourist resources and the facilities with which to care for the coming travel boom.

The survey forecasts that Washington's tourist income for the postwar years stands to reach \$200,000,000 annually, more than double any prewar years. Washington's natural attractions—inland waters, ocean beaches, national and state parks, mountains and forests, winter sports areas—are unexcelled playgrounds. Before the \$200,000,000 potential can be attained, however, the state needs to (1) accelerate development of these natural assets, and (2) improve its abilities to provide good food, accommodations, and entertainment for the tourists. The report suggests steps toward development of our natural resources as follows: Improved highway system at certain areas, particularly southeastern Washington and the Olympic Peninsula; a national park program, including adequate provision for winter sports; a modernized state park's authority and improvement plan; mobilization of support for Forest Service recreation projects.

To raise the standards of Washington's tourist facilities, the study highlights the need for professionalized management and for improved physical properties. Chief proposal is for a Tourist Research and Extension Service, similar to one already activated in Michigan, which is devoted to compiling helpful information and answers to problems of the industry and to bring the information and answers to those who need and want them. The service as proposed would include technical and professional assistance to resort, hotel, motor court, and restaurant operators as well as research into economic phases of the tourist industry. Such an organization is envisioned as the most effective agency by which the quality standards of Washington's facilities can be raised.

PUBLICITY AND PROMOTION

The Publicity and Promotion Committee was formed in August, 1945, and was charged with a program of varied duties, the most important of which were (1) to assume charge of advertising and publicity for the state, other than that carried on by other departments, (2) to formulate and carry out a factual information program for the promotion of the state as an ideal region for tourists, permanent residents, and a favorable field for investment and future development, and (3) to assemble such data, statistics and exhibits as will publicize the state and to publish and disseminate them.

With the cooperation of the Division of Progress and Industry Development, the Advisory Commission and the various other committees, the Publicity and Promotion Committee was able to complete the work outlined in the following report.

I. Special Events

The committee felt that one of the great faults of previous state publicity had been the lack of any program for generating news about the state which would be of sufficient importance to carry outside the confines of the Northwest and reach the people of the entire nation.

Since the only program heretofore capable of reaching the desired national audience had been an expensive slick-paper advertising campaign slanted mainly toward tourists, the committee conceived the idea of promotion of special events sufficiently important in a news sense to carry to a national, and even international, audience on their merits as news alone, without any tremendous outlay of state funds.

A. Pacific Northwest Writers' Conference

This was a conference of members of the writing profession, held in Seattle from July 29 to August 9, 1946, as a joint project of the Division of Progress and Industry Development and the University of Washington Summer School.

Through the cooperation of the commission in sending Dr. George Savage, a member of the committee also identified with the University of Washington Summer School, to New York to contact talent with a national reputation to serve as instructors during the conference, the event surpassed even the fondest hopes of its sponsors as a successful meeting and as a publicity-getting enterprise.

Some 370 registrations from top-flight writers, representing 23 states, Canada and Alaska, as well as 2,000 persons interested in entering the writing field attended the conference.

Local publicity in Seattle daily papers and other organs in the area totaled more than 1300 column inches and more than 40 news pictures were printed in the same papers. Other papers of the state and the Northwest swelled that total by several hundred more column inches.

National publicity in newspapers appeared in most every section with most of the national magazines and all of the organs of the writing profession

adding their bit toward making the Writers' Conference one of the most publicized events in Washington's history.

Radio added its bit by carrying some 50 15-minute programs in the Northwest alone and NBC aired one program reaching all of its stations in the 11 western states.

However, the personal publicity stemming from this venture was the most important feature. The value of attracting such visitors as Kenneth McCormick, Editor, Doubleday & Co.; Elliot McRae, President, E. P. Dutton & Co.; and John Selby, Editor, Rhinehart and Co., along with the famous writers attending, need hardly be enlarged upon. Tangible publicity generated by the conference was very important but the intangible value was even more important, due to the friendship and admiration engendered in the minds of those persons of editorial authority actively engaged in the writing profession all over the world.

B. International Labor Organization's Maritime Conference

When the state was selected as the site of the International Labor Organization's Maritime Conference, the handling and promotion of that conference became a responsibility of the committee.

The commission authorized the trip of two representatives to the national capital to confer with Congressman Jackson and to coordinate the work of the committee in promoting the conference and the results of the information thus gained were measurable in the manner in which the conference delegates received Seattle as a conference city.

Representatives from 43 nations attended the conference, which was held from June 6 to June 29, 1946, and in no instance was there anything but praise offered in discussing the conference.

Contributing in no small vein to the popularity of the site with the delegates, and to the publicity of the conference as a whole, was the ILO color brochure prepared by the committee, 10,000 copies of which found their way into interested hands throughout the world. The plates from this brochure were salvaged and are also available for further state promotion.

Publicity about the conference, and therefore about the state, was of terrific volume since every major news agency in the nation and many foreign agencies had complete staffs covering the conference. For the entire three weeks of the conference Seattle and the State of Washington were mentioned prominently in every major paper of the nation and most of those of the entire world.

C. Capitol Rotunda Symphony Conference

This program was conceived by the commission and the committee as an adjunct to the national Washington's Birthday celebration, February 22, 1946.

The program featured the Seattle Symphony Orchestra playing a concert from the rotunda of the capitol in Olympia and was broadcast throughout the West.

Several thousand of the state's leading citizens were in attendance at this first concert and their reaction, and the reaction of the radio audience,

to the program was very favorable. The symphony group rendered an outstanding program, giving added stature to the reputation of Seattle as a cultural center and thus rendering the area much valued publicity.

D. Other Special Events

The committee also assisted in setting up a transparency and photomural display at the Chicago National Chemical Exposition, at which time 10,000 scenic booklets and highway maps were distributed to interested persons requesting tourist information. A directory of Pacific Northwest industries was made available to the many business concerns desirous of obtaining material about that state during the same exposition. Altogether a total of 50,000 contacts were made during the exposition from the single booth.

The Chicago exhibit was transferred to the Atlantic City National Metals Exposition where a like service was performed for an even greater audience.

A Washington State booth was placed in the First Annual Fort Worth Flower Show as another publicity measure. The exhibit won the Tri-Color Award for horticulture, arrangement of display and specimens exhibited. The state flower, the rhododendron, also was acclaimed the outstanding flower of the exposition, winning the honor in competition with exhibits from 15 states and Hawaii. In addition, 11,000 Washington-grown tulip blossoms, furnished by the Puyallup Valley Growers Association, were distributed, creating an element of permanent publicity for the state and its bulb industry.

A total of 20,000 people saw this exhibit and the state received, in addition, many thousands of dollars in free advertising in Texas papers and on Texas radio hookups.

The state, through the committee, also participated in the sponsorship of the Seattle Parade of Progress Exposition along with three Seattle daily newspapers, assisted Snohomish County in preparing the Everett Industrial Development Program, and publicized throughout the entire nation the daily organ recitals by Mr. Phil Raboin from the Capitol Rotunda, an enterprise unique to this state alone.

II. Pan American Petition

Departing a little from its usual work, the commission, through the Publicity and Promotion Committee, spearheaded the state's participation in intervening in the Civil Aeronautics Board's hearing on an airlines company's application for routes which would give the Pacific Northwest greatly increased air service.

A. Resolutions

The committee prepared, and the commission approved and forwarded to the C. A. B., with copies to the President of the United States, and the congressional delegation, resolutions to the effect that the proposed air routes were of vital concern to the state and that the state joined with the City of Seattle and the Seattle Port Commission in petitioning the C. A. B. to grant such service.

B. Radio Intercession

The committee also secured time on a Seattle network for a weekly radio forum on the airlines case, presenting to the listening public all sides of the question. Representatives from all the airlines concerned—the applicant as well as the opposing companies—appeared, along with representatives of the state, the city, and the Port Commission, in bringing before the public the entire question at hand.

C. Publicity Engendered

Pacific Northwest newspapers and radio stations entered immediately into the question, devoting considerable editorial as well as news space and time to the question and brought a considerable amount of advantageous publicity to the state, supporting the stand of the state on the application.

III. General Publicity

Though the special events program received a great deal of the attention of the commission, and thus the committee, the necessity for proper normal publicity work did not escape the attention of those concerned.

A well-coordinated program of servicing the newspapers, magazines and radio stations of the state and nation with material was carried on with rather excellent results.

A. Newspapers

One of the first moves of the Publicity and Promotion Committee was to install an addressograph news-release system with which to facilitate the handling of news to the 270 agencies which assist in the dissemination of publicity for the state, the Governor's Advisory Commission and the division.

Using the months of February, 1946, through September, 1946, as a criterion—the only period over which an accurate check is available through a newly installed clipping service—Seattle papers contained a total of 5,355 column inches of publicity stemming from the committee. In rough figures that is equivalent to 32 full pages of newsprint.

Daily and weekly papers throughout the state, and two papers in Oregon, were serviced with similar news resulting in 8,776 column inches of publicity.

Wire services such as A. P., U. P., and I. N. S. also received material, carrying it throughout the state on their regional wires and, in some cases, nationally. Many instances are known where state publicity reached major metropolitan newspapers of the Midwest and the Eastern Seaboard.

Measuring publicity generated over the test period of February through September in figures of total newspaper space appearing in the entire United States, 16,991 column inches, or 102 complete pages, appeared in newspapers alone. Space in magazines or radio time is not included in those figures.

With paid newspaper space varying in value from \$5.18 per column inch in metropolitan papers to \$1 an inch in the smallest of publications, the value given to the state, the commission and the division is readily seen.

B. Magazines

With the new consciousness of its scenic beauties, natural resources, and aptitude for tourist trade, the state, through the publicity and promotion and tourist committees, embarked on a limited national advertising program in the "name" magazines of the nation.

The committees, cooperating with a Seattle advertising agency, placed color and black and white ads in five leading magazines, most notable of which was the campaign in *The Saturday Evening Post*. In that one organ there has appeared, or will shortly appear, one four-color complete page, a half-page two-color ad and a one column black and white ad. Other magazines involved in the program and the space contracted for were: *Holiday*, one full four-color page, one half-page two-color ad; *Time Magazine*, one four-color page; *National Geographic*, one four-color bleeder page; *American Magazine*, one four-color page.

The committee also was responsible for a record amount of free magazine publicity for the state during the past biennium. *Life Magazine*, particularly, prepared an excellent spread, pictorially depicting the beauty and possibilities of the state. *Highway Traveler*, an organ of the Greyhound Lines, carried an extensive piece on the Columbia River Basin and Grand Coulee Dam, which was circulated over the entire nation. *Elks Magazine*, organ of the fraternal order, widely publicized the state as a sports paradise and several other magazines circulated publicity for the state. Most notable of the latter group were *Better Homes & Gardens*, *Look*, *Holiday*, *Sunset*, and *Time*.

C. Radio

The air waves, as an outlet for favorable publicity for the state, the commission, and the division, assumed a position of great importance during the past two years. The committee devoted a great deal of effort toward the cementing of solid, friendly relations with the radio industry and the success achieved was apparent in the added volume of publicity emanating from this source.

Radio stations in Seattle and throughout the state were serviced with the same news material made available to the newspapers and, in addition, were rendered many special services. The committee prepared and conducted a 26-week series called "Evergreen Empire" which was aired over KIRO in Seattle and designed to acquaint natives and transients alike with the various sections of the state and with its advantages and resources.

A similar program, "Know Your Washington State," was aired over Mutual under the commercial sponsorship of North Coast Lines. The committee materially aided an advertising firm in this 26-week venture which was broadcast from the Capitol Rotunda.

The committee prepared and produced many programs for the Grange Reporter and wrote or collaborated on innumerable programs for stations throughout the Pacific Northwest.

All this was in addition to the routine program of servicing the Seattle outlets and 27 other stations within the state with regular and widely used news copy concerning the state, the commission and the division.

D. Films

Publicity from this important visual means was very limited, but the best was made of the materials available. The state's colorful advertising film, "Blossom Time in Washington," was distributed by the division to the organizations requesting it so that the widest possible use was made of the one film.

Metro-Goldwyn-Mayer added measurably to publicizing the state through moving pictures by the filming of the James FitzPatrick Travel Talk on the Columbia River Basin, a project conceived and guided by the committee.

E. Other Media

During the biennium, nearly four million scenic postcards and Christmas Greeting cards have been distributed to service personnel within the state and, with the decrease in military and connected installations during the last year, to chambers of commerce, libraries, and out-of-state convention delegates. Letters received by the division prove that this inexpensive advertising medium receives world-wide distribution.

The division has answered, during the biennium, a total of nearly 42,000 requests for specific information concerning the state and has distributed 125,000 scenic booklets and 100,000 highway maps.

In 1945, 22,500 Washington Centennial Commemorative Booklets were published and distributed to schools, libraries, and historical associations throughout the nation.

Photomural, diorama, and transparency displays remaining from the Washington State exhibit at the New York World's Fair have been exhibited in U. S. O. clubrooms and other service centers as part of the program of "selling" the state to visiting servicemen and women.

Upon the closing of many of these recreational centers, the division used the material as exhibits in fairs and expositions, resulting in many thousand more contacts with the public.

As another medium in pleasantly promoting good will for the state, a guide service, as well as an information and literature-distributing desk, was established in the Legislative Building for the 1946 tourist season. Some 30,000 out-of-state tourists were served by these facilities in the one building alone.

IV. State Resources School Contest

After an intense study in the early part of the biennium, which brought to light the facts that the schools over the state had very little material with which to teach the required course in state resources, and that many thousands of students were thus being deprived of an opportunity to study resources, due to lack of materials and of competent teaching personnel, the Department of Conservation and Development created the State Resources School Contest as an emergency measure to stimulate both student and teacher interest in the study of resources and to provide a library of information from which schools might plan a new course on the subject.

The State Resources School Contest came into being as a unit in June, 1945, with Albert Fox as manager and one secretary completing the staff. The unit was attached to the Publicity and Promotion Section of the Division of Progress and Industry Development only as a publicity means, operating mostly as an entirely separate organization.

A. PROBLEMS OF ORGANIZATION

1. Material

The securing of material with which to study the state's resources was the major problem facing the contest unit since there were only two sources from which the material could be obtained and each presented obstacles.

a. State Material

Material from the various state agencies was the most logical source of material, but it was discovered that the material available from state sources was neither in the quantity nor variety necessary for a well-integrated study program.

b. Private Material

Material from private industrial sources was the only other source available, and many schools objected to this material at first, being of the opinion that the private companies would seize such an opportunity to reach the thousands of school children for propaganda purposes. This idea proved untrue, in the main.

2. Material Distribution

What material was available from state agencies was reproduced and distributed to the schools; but the great bulk came from private industry, the material being submitted for censorship to the proper state agency before being distributed through the school system.

During the first year of the contest, which lasted from October, 1945, to May, 1946, more than 150,000 pieces of literature valued at \$10,000 and encompassing the 25 top resources of the state were circulated through the school system.

B. CONTEST ORGANIZATION

1. Purpose

The purpose of the contest is education. Education for the youth of the state, and through them, education of their parents and adult friends. The contest as a contest is purely incidental and a means to stimulate interest in the study of resources. The long-range planning has the contest leading the way to inaugurating in the state's school system a well-coordinated program of study of the state's resources as a part of the curriculum of all schools.

2. Plan

The contest is set up to include all public, private and parochial schools in the state, with the contest falling into two sections—an essay contest and an oratorical contest. The essay contest is limited to elementary school students in grades three to five inclusive, with the second section taking in the rest of the elementary school students. The oratorical contest is for high school students only. Essays are limited to 650 words and orations to ten minutes.

The two programs are broken down into four levels to handle the great numbers participating, the levels being local, county, congressional district, and the state finals.

3. Awards

To stimulate interest in the neglected study of resources, it was felt that an award system was necessary to stimulate the original interest that was expected to lead the study of resources into a strong position in school study planning. The awards were solicited from private industry, labor and professional organizations, and institutions of higher learning. Prizes of more than \$10,000 value were received for the first year's contest, and the contest met with such popularity among subscribers that a greatly increased award list is probable for the second contest now under way.

4. Response from Schools and Public

The response from the schools of the state and the thousands of students attending those institutions was most gratifying and proved the need for such a stimulation of resources study. Literally thousands of essays were written during the first contest, and more than a thousand orators competed in the initial effort with prospects of a greatly increased participation in both fields during the second contest.

The finals of the oratorical contest were held in the Moore Theater in Seattle before a capacity house representing Parent Teacher Associations, agriculture, labor and industrial organizations, and mixed business and professional groups. The response from the individual groups and the audience as a whole clearly indicated the popularity of the contest.

5. Publicity

The state's newspapers and radio outlets and the various school publications went all out in publicizing the contest. Very generous donations of news space and radio time were provided throughout the state, and the radio networks in many localities gave their district oratorical contest winners radio time to present their orations on the air for the benefit of the listening public who had been unable to hear them in the contest deliveries. School publications in particular are to be commended for the space devoted to the contest since they offer a very substantial contribution in building interest among the students in the study of resources—the actual aim of the contest program.

6. University Discussion Groups

The University of Washington Speech Department contributed its bit toward the stimulation of resources study by forming discussion groups which presented programs at the various high schools and to adult organizations throughout the state on the subject. The discussions were both informative and inspirational to the high school students and went far toward aiding the students in their study of resources and in the preparation of material for the contest.

7. State Booklet

Finally, at the conclusion of the first contest, the two essays judged as winners in their respective sections, and the orations from the congressional district level through the state finals, were published in a booklet called "Washington State School Contest."

Several thousand copies were distributed to schools and libraries, as well as to legislators, prize contributors and other interested people as the first step toward creating the library necessary to the planned resources course in the regular school curriculum.

C. Contest for 1946-1947

The program for 1945-1946 was largely experimental. However, substantial gains were made by schools in getting a picture of the resources field as a regular course for study. As a result of the first contest many schools over the state have added resources study classes to the regular schedule. This being the main objective of the entire project, addition of such a course in the remainder of the state's schools will be promoted vigorously.

1. Program Changes

The contest program for the 1946-1947 period, while clinging to the same objectives as the original, will have two definite changes.

a. Special emphasis will be given on the subject of having schools immediately set into motion a program for including resources study on the yearly curriculum.

b. The choice of subjects in the essay contest is specified at 25 with each resource listed, rather than in the previous contest where contestants chose their own subject without any suggestion from the contest head.

Thus far, interest in the 1946-1947 contest is surpassing even the excellent reception of the first contest. Inquiries from the various sections of the state school system lead to the estimate that some 25,000 students will participate in the essay contest, greatly exceeding last year's total. In the oratorical contest it is to be assumed from the interest shown that last year's figure of 1,000 orations will also be greatly increased.

CONCLUSION

It will appear from the previous chapters of this report that the Department of Conservation and Development and the Division of Progress and Industry Development have interpreted the enactment of Chapter 173 of the Laws of 1945 to mean that the newly created division was charged with the responsibility of correcting defects felt by the Legislature and the Governor to exist in the previous system of organization of state planning and promotional agencies as represented by the Washington State Planning Council and the Washington State Progress Commission.

It has been our understanding that these defects stemmed primarily from the separation of the planning and promotional functions of the state in unrelated and independent agencies. Under these conditions, the planning function failed to find active expression in programs affecting the general welfare of the people of the state, and promotional activities did not get beyond a slick-paper advertising campaign.

In endeavoring to carry out the will of the 1945 Legislature, we have felt that the legislative intent was to create an agency whose activities, both planning and promotional, should be centered around a guiding plan of the creation of jobs and payrolls by means of the promotion of Washington trade and industry. We are content that all phases of our activity be evaluated in terms of their relation to this end.

At the present stage of the development of the State of Washington, both its planning and promotional activities must be shaped in terms of a conception of the relation of the state's economy to that of the nation as a whole and on the recent history of that economy which may furnish indications of the direction of industrial development.

The State of Washington is emerging from a mercantile economy based on the production and transportation of primary goods. In the course of World War II, industrial production for war purposes led to the in-migration of a population of a size so great as to be impossible of maintenance by the former extractive economy. This same war production built up in the area a pool of labor skilled in types of industry not previously known in the region, and left in the area a number of plants and a quantity of tools and equipment more or less adaptable to types of production hitherto characteristic of the Midwest and industrial East.

In common with other western states and with many portions of the South, Washington business, labor, and agriculture face the problems of creating a level of industry capable of balancing our raw material and agricultural production and thus supporting our increased population.

As has been indicated by Secretary of the Interior Krug, this problem, which under-industrialized areas of the United States share in common, must be solved for the sake of the national welfare in the face of the competition and even the opposition of existing highly-industrialized areas.

Nearly twenty months' experience of the functioning of the Governor's Advisory Commission has convinced representatives of leading groups of workers, industrialists, and agriculturalists, serving on the commission, that the State of Washington faces special problems in this postwar period over and beyond those shared by the nation as a whole, and more acute than those of industrial

areas where, though employment depended to a comparable degree upon war production, there existed a background of prewar industrial and marketing experience on the mass-production level.

Only an energetic program of state action, in conjunction with the activities of labor and agricultural groups, in the fields of industry promotion, product development, and coordination and planning of the activities of public agencies with a view to their effect on Washington industry, together with research directed toward exploring the above fields, can maintain the level of industrial activity necessary to support the population acquired as a result of "artificial" war industry. The population artificially attracted to the State of Washington by federal war activity, and arbitrarily distributed within the state by the same activity, cannot be maintained in productive employment without measures more vigorous than those adequate to the needs of other sections of the country which have not experienced such a redistribution.

The functions defined by Governor Mon C. Wallgren and the Director of Conservation and Development for the Division of Progress and Industry Development have been formulated by the Governor's Advisory Commission as follows:

"The basic objective of the Commission is to advise and assist in:

- (a) The development of postwar plans and projects to promote maximum production and employment in the fields of agriculture, business and industry, foreign commerce and tourist trade, and all other segments of our economy.
- (b) The development of plans and projects to promote maximum employment and useful production during the transition period from a war to a peace economy.
- (c) The activities of all governmental and private agencies concerned with the progress and development of the Pacific Northwest and to assemble the postwar plans of such agencies so that there will be available at one source complete and reliable information as to the postwar plans and projects of all kinds contemplated in this state.

In order to effectively function, the Commission shall:

- (a) Secure from all sources and if necessary make additional surveys so that the Commission will have available reliable information as to the number of workers in the state desiring employment classified according to the various skills.
- (b) Secure from all sources information as to the duration, location and kinds of jobs that will be available.
- (c) Secure information from all sources and expand with surveys where necessary to the end that the products that are sold in the state and which can advantageously be manufactured in the state are made here.
- (d) Secure information from all sources, and expand with surveys where necessary, in order to obtain maximum foreign and domestic trade.

- (e) Keep the people informed as to postwar plans and job opportunities so that the state will retain its population gains. Publicity to be released only through the Chairman, Vice-Chairmen or Executive Secretary and to cover only such matters as the Commission has agreed upon, through such media as the Commission may approve.
- (f) Coordinate the activities of the Commission with Congress and Government agencies so as to obtain sympathetic consideration of and positive action on the various problems that will be presented.
- (g) Ascertain what research is being done at the present time by both government and private agencies in the interests of greater utilization of the state's resources and markets and present suggestions as to the most feasible and practical methods of expanding and coordinating research activities in the Northwest."

The activities of the division and commission, which have been reported in the preceding chapters, have been strictly circumscribed by available appropriations.

The types of research, planning, and promotional activity which the division is authorized by law to conduct for purposes of industrial and agricultural development are so numerous and so broad that a selection of fields in which operations should actually be conducted is inevitable. This was also true of the operations of the Washington State Planning Council, which never during any biennium carried on activities or made investigations in all of the fields in which it was legally authorized to act. Nevertheless, it is true that the problems of the Division of Progress and Industry Development have been especially acute in this regard.

The appropriations for salaries, wages, and operations for the Division of Progress and Industry Development for the biennium 1945-47 total \$384,000, or \$100,000 less than appropriations for similar purposes to the agencies to whose duties it succeeded for the preceding biennium.

Funds appropriated for research in the fields of agricultural and industrial development for the biennium 1945-47 total \$100,000 as against \$150,000 appropriated for similar use by the Planning Council for the biennium 1943-45.

The preceding chapters of this report indicate the diversity of activities with which the staff of the Division of Progress and Industry Development was compelled to deal. When it is recalled that the individuals who served as members of the planning, publicity, and promotional staff of the division were serving simultaneously in the capacity of administrative and secretarial assistants to the Governor's Advisory Commission and its numerous committees, it will be apparent that the restricted size of the staff necessarily imposed severe handicaps in the path of long-term planning and proper coordination of divisional activities. This same factor resulted in a serious curtailment of the advertising and promotional program in all media.

The Division of Progress and Industry Development, in short, represents the first attempt on the part of the State of Washington to establish a working agency designed to compensate for, insofar as may be within the proper realm of state activity, the competitive advantage of older industrial areas.

As such, the function which it is designed to serve is one of value to every economic group in the population and to every industry in the state. That it may effectively serve these ends, there has been associated with it, by order of the Governor, a non-partisan Advisory Commission carefully designed to represent all major trends of opinion among the leaders of industry, labor, and agriculture.

It can thus be affirmed that the programs of the division have been those upon which agrément has been obtained on a nonpolitical basis among representatives of a wider section of the people of Washington than has to our knowledge been the case with any previous activity of state government.

We are hopeful that any mistakes of commission or of omission which may have been made in the course of elaborating the program will be understood in the perspective gained by consideration of the problems in the creation of a new organization designed to do a job for which no precedents or blueprints existed.

We are confident that an examination of the results achieved, which can only be regarded as preliminary, fully justifies the action of the 1945 Legislature in combining state planning and promotional functions in a single agency and that the interests of the State of Washington require that this program be expanded and rendered more efficient along the lines laid down in the budget request of the Department of Conservation and Development for the biennium 1947-49.

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